



**2022
ANNUAL
REPORT**

ALERIONCLEANPOWER
THE WIND ENERGY COMPANY

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CORPORATE BODIES

Corporate bodies

Board of directors*

Josef Gostner	Chairman and chief executive officer ¹	
Stefano Francavilla	Deputy chairman and chief executive officer ¹	as of 22 April 2022
Patrick Pircher	Director and chief executive officer ¹	as of 22 April 2022
Antonia Coppola	Director ^{2 4}	as of 22 April 2022
Nadia Dapoz	Director ^{2 3 4}	as of 27 April 2020
Carlo Delladio	Director ^{2 3 4}	as of 22 April 2022
Elisabetta Salvani	Director ²	as of 22 April 2022
Germana Cassar	Director ³	as of 27 April 2020
Pietro Mauriello	Director	as of 22 April 2022
Stefano D'Apolito	Director	as of 27 April 2020

¹ Directors with operating powers

² Members of the control, risks and sustainability committee

³ Members of the remuneration and appointments committee

⁴ Members of the committee for related party transactions

Board of statutory auditors

Francesco Schiavone Panni	Chairman	
Loredana Conidi	Standing statutory auditor	
Alessandro Cafarelli	Standing statutory auditor	
Alice Lubrano	Alternate statutory auditor	
Roger Demoro	Alternate statutory auditor	

Manager in charge of financial reporting (Law no. 262/05)

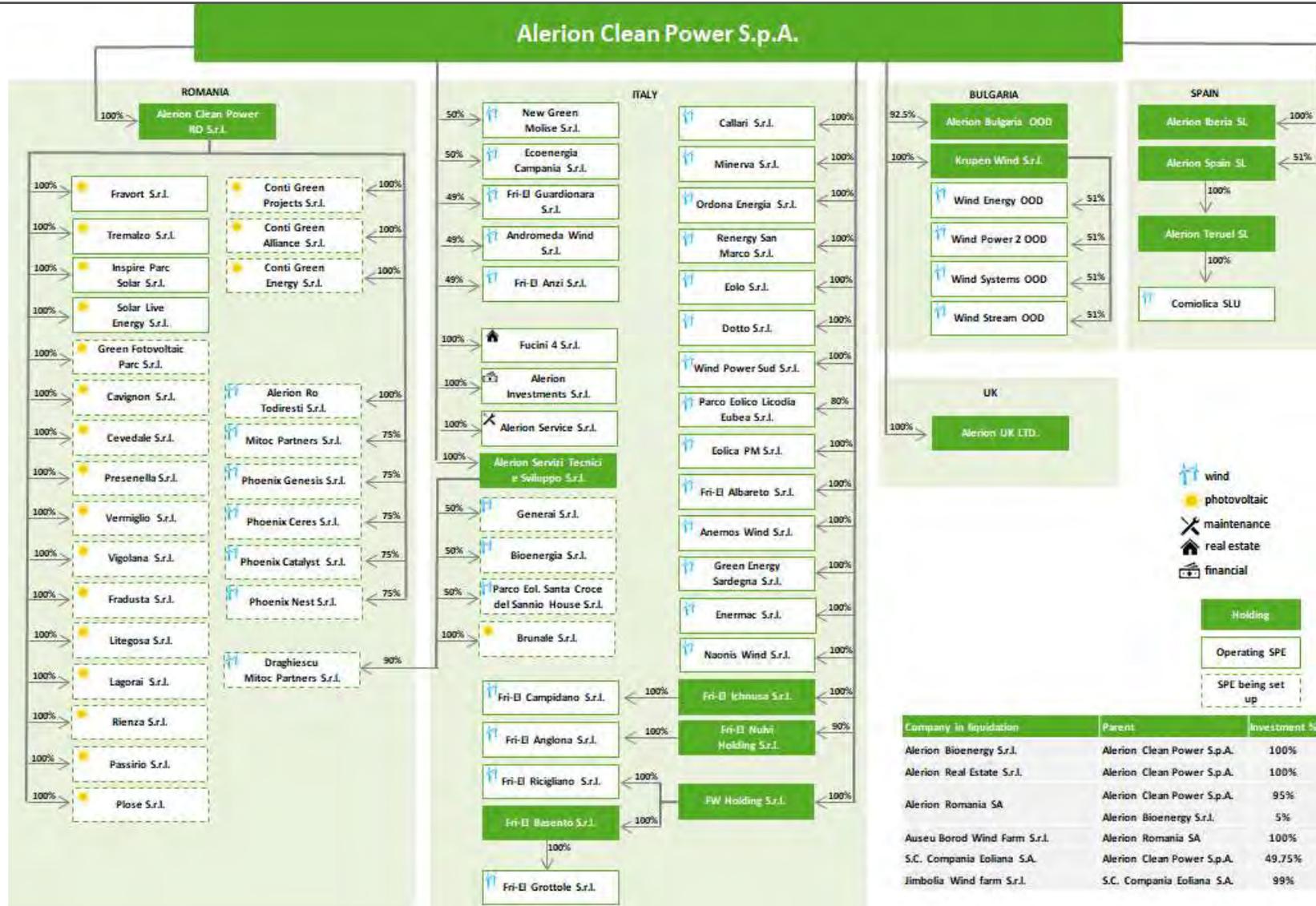
Stefano Francavilla	
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Independent auditors

KPMG S.p.A.	
Via Vittor Pisani 25	
20124 Milan	

*In office since 22 April 2022

GROUP STRUCTURE

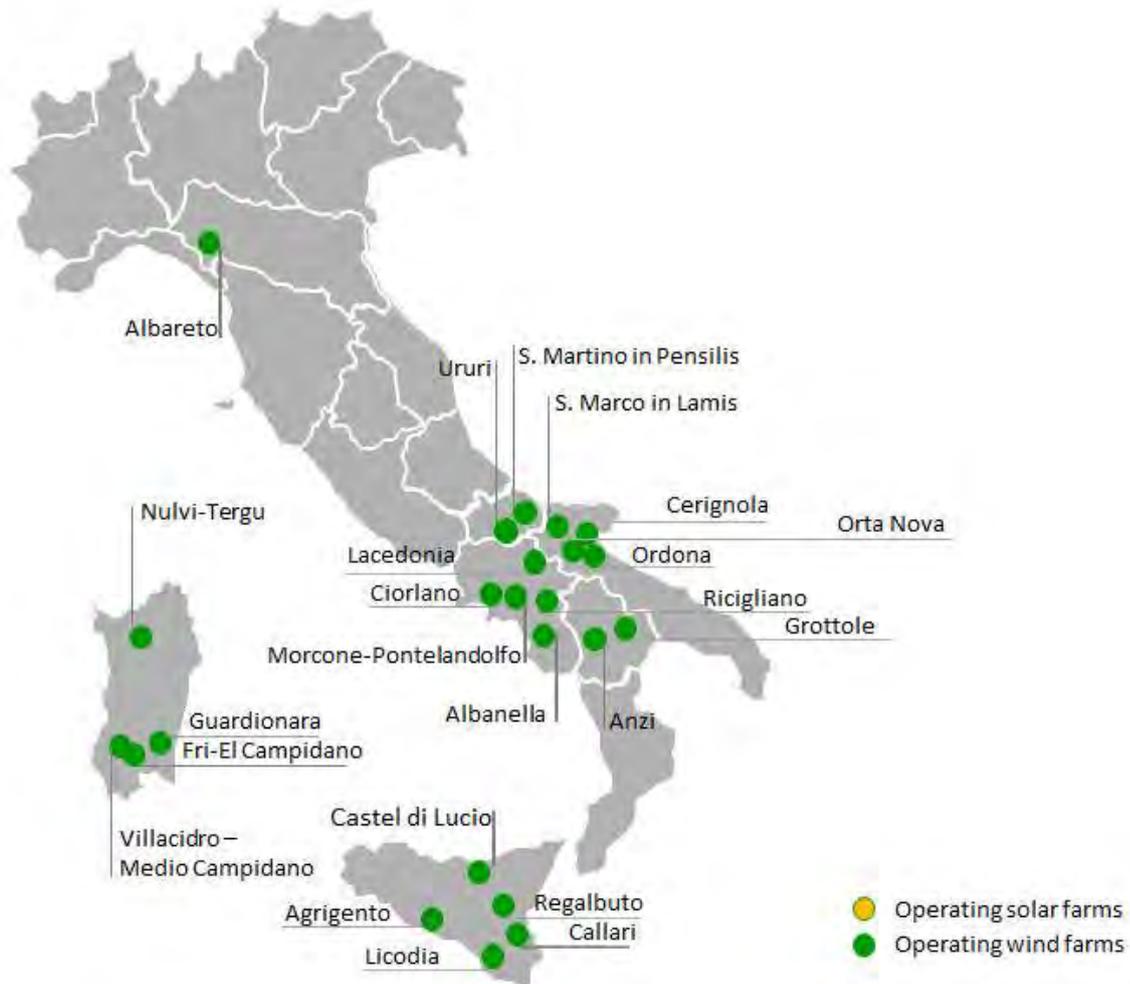


DIRECTORS' REPORT

PLANT LOCATION

ALERION CLEANPOWER

THE WIND ENERGY COMPANY



INTRODUCTION

The parent, Alerion Clean Power S.p.A. (the “parent” or “Alerion” or the “issuer”) is a legal entity subject to Italian law. Its ordinary shares are listed on the Euronext Milan market of the Italian stock exchange. The Alerion Group’s (the “group”) headquarters are at Via Renato Fucini 4 in Milan.

This 2022 Annual Report has been prepared in accordance with the International Financial Reporting Standards (the “IFRS”) endorsed by the European Commission and effective at 31 December 2022.

The parent’s board of directors approved this report on 9 March 2023.

KEY EVENTS OF THE YEAR

The main events that took place during the year are described below.

ACQUISITION OF ALERION SERVICE S.r.l.

On **14 April 2022**, Alerion Service S.r.l. was set up through the contribution of the business unit that carries out maintenance services at the wind farms by Fri-El Service S.r.l. (wholly owned by FGP, ultimate parent of the Alerion Group). After this, its entire quota capital was sold to Alerion, which included Alerion Service S.r.l. in the Alerion Group consolidation scope starting from 14 April 2022, when the business unit was transferred.

COMMISSIONING OF TWO NEW WIND FARMS IN PUGLIA WITH TOTAL INSTALLED CAPACITY OF 62 MW

On **9 May 2022**, via its subsidiaries Enermac S.r.l. and Naonis Wind S.r.l., the parent commissioned a new wind farm in Orta Nova in Puglia with installed capacity of 51 MW. During the same month, a second new farm with installed capacity of 11 MW, adjacent to the wind farm owned by Enermac S.r.l., became operational.

SIGNING OF A €66.4 MILLION PROJECT FINANCING AGREEMENT FOR TWO WIND FARMS IN PUGLIA WITH TOTAL INSTALLED CAPACITY OF 62 MW

On **9 June 2022**, via its subsidiaries Enermac S.r.l. and Naonis Wind S.r.l., the parent signed a project financing agreement for €66.4 million with UniCredit and Cassa Depositi e Prestiti (CDP), part of which had already been received at 30 June 2022. The project financing, structured in accordance with the Green Loan Principles published by the Loan Market Association, will be used for the two wind farms in Orta Nova and Cerignola (Puglia), which gradually started production in May with installed capacity of 51 MW and 11 MW, respectively.

SIGNING OF A €18.5 MILLION PROJECT FINANCING AGREEMENT BY THE SUBSIDIARY ANEMOS WIND S.R.L. AND A BANK SYNDICATE

On **10 May 2022**, via its subsidiary Anemos Wind S.r.l., the parent prepaid a finance lease using new project financing of €18.5 million agreed with a bank syndicate. As a result, the subsidiary exercised the purchase option for the formerly leased plant.

PLACEMENT OF GREEN BONDS (ALERION CLEAN POWER S.P.A. SENIOR UNSECURED FIXED RATE NOTES DUE 2028)

On **11 May 2022**, the parent placed the Alerion Clean Power S.p.A. Senior Unsecured Fixed Rate Notes due 2028 with a total nominal amount of €100,000,000. The issue price was equal to 100% of the notes’ nominal amount for 100,000 notes with a minimum price of €1,000 (one

thousand) each. As communicated on 2 May 2022, the annual interest rate is a gross 3.50% and the return on the bonds is equal to 3.50% gross per year. The gross interest to be paid on the notes will amount to €3,500,000. The gross proceeds from the placement were €100,000,000. The issue date, which is the same as the payment date and the date from which interest will begin to accrue on the notes, is 17 May 2022. The notes' maturity date is 17 May 2028.

PREPAYMENT OF PROJECT FINANCING BY NEW GREEN MOLISE (IN WHICH THE GROUP HAS AN INTEREST AS PER A JOINT VENTURE AGREEMENT)

On **30 June 2022**, New Green Molise (a joint venture in which the group has an interest) prepaid project financing taken out from a bank syndicate. It concurrently terminated in advance an interest rate swap (IRS) agreed to hedge the financing on the same date, reclassifying the related fair value gains and losses to profit or loss.

ALTERNATIVE PERFORMANCE INDICATORS

The group uses certain alternative performance indicators to (i) monitor its financial performance; (ii) anticipate any business trends in order to take prompt corrective action; and (iii) define investment and management strategies and the most effective allocation of resources. Alternative performance indicators are considered an important additional parameter for assessing the group's performance, as they enable more analytical monitoring of its financial performance. For a correct reading of the alternative performance indicators presented in this Annual Report, it should be noted that:

- the method of determining the alternative performance indicators used by the parent is not governed by the IFRS. They must not be regarded as alternative measures to those provided in the group's consolidated financial statements to evaluate its financial performance and position;
- the alternative performance indicators must be read in conjunction with the group's consolidated financial statements;
- the alternative performance indicators are determined on the basis of (or derived from) the group's historical data, as indicated in the consolidated financial statements, the general ledger and management accounts, and on the basis of their processing by management, in accordance with the recommendations contained in ESMA's guidelines no. 1415 of 2015, as implemented by Consob communication no. 0092543 of 3 December 2015;
- the alternative performance indicators have not been audited and must not be construed as indicators of the group's future performance;
- the method of determining the alternative performance indicators, as indicated above, is not governed by the IFRS referred to in the preparation of the consolidated financial statements. Therefore, the determination criterion applied by the group may not be the same as that used by other groups, and the alternative performance indicators presented by the parent may not be comparable to those presented by other groups.

The alternative performance indicators presented in this report are described below.

EBITDA is the operating profit (loss) before depreciation, amortisation and impairment losses. EBITDA thus defined is a measure used by management to monitor and assess the group's operating performance.

Financial indebtedness is calculated in accordance with the ESMA guidelines set out in section 175 of "Guidelines on disclosure requirements under the Prospectus Regulation" (04/03/2021 | ESMA32-382-1138). Financial indebtedness is not indicated as an accounting measure under the IFRS.

Financial indebtedness (net of derivatives) is calculated as financial indebtedness net of the fair value of current and non-current hedging financial instruments.

Financial indebtedness for reporting purposes is calculated as the sum of cash and cash equivalents, current and non-current financial assets, loan assets and other non-current financial assets, current and non-current financial liabilities, the fair value of hedging financial instruments and other non-current financial assets, net of the financial indebtedness resulting from assets held for sale. Financial indebtedness for reporting purposes is not identified as an accounting measure under IFRS. The calculation criteria applied by Alerion may not be the same as that used by other groups, and therefore the balance obtained by Alerion may not be comparable to that calculated by them.

Financial indebtedness for reporting purposes (net of derivatives) is calculated as financial indebtedness for reporting purposes net of the fair value of current and non-current hedging financial instruments. It should also be noted that net financial indebtedness for reporting purposes (net of derivatives) is also reported as it is relevant for determining the financial parameters required by the regulation for the three bond issues placed by the group on 19 December 2019, 3 November 2021 and 17 May 2022, in line with the parent's Green Bond Framework.

Gross financial indebtedness is calculated as the sum of current and non-current financial liabilities and the fair value of financial instruments. Financial indebtedness for reporting purposes is not identified as an accounting measure under IFRS. The calculation criterion applied by Alerion may not be the same as that used by other groups and, therefore, the balance obtained by Alerion may not be comparable to that calculated by them.

Net invested capital is calculated as the algebraic sum of non-current assets and non-financial assets and liabilities.

SHARE PERFORMANCE

At 31 December 2022, the parent's share price was €32.20, after distributing a dividend of €0.44 to each share on 25 May 2022. This performance represented a 9% increase on the 31 December 2021 price of €29.55.

In 2022, the share price ranged from a minimum of €23.70 on 24 January 2022 to a maximum of €44.55 on 26 August 2022 as shown in the following graph on the actual average monthly prices:



The following tables show variations in the share price and volumes traded during the year:

Share price	€
Price at 31 December 2022	32.20
Maximum price (26/08/2022)	44.55
Minimum price (24/01/2022)	23.70
Average price	32.64

At 31 December 2022, the parent's stock market capitalisation is approximately €1,746 million compared to €1,602 million at the end of 2021.

The average number of shares traded during the year was 53,992,533.

Volumes traded	Shares (no.)
Maximum volume (05/01/2022)	333,662
Minimum volume (28/10/2022)	3,891
Average volume	39,219

KEY RESULTS

Statement of profit or loss (€m)	2022	2021
Revenue	273.7	153.8
Gross operating profit	232.8	131.9
Profit for the year	73.2	50.2
Profit attributable to the owners of the parent	71.0	48.7
Statement of financial position (€m)	31.12.2022	31.12.2021
Equity	305.0	231.6
Financial indebtedness*	385.5	502.5
Financial indebtedness* (excluding derivatives)	387.6	482.6
Operating figures	2022	2021
Gross capacity (MW)	892.6	750.8
Electricity production (GWh) (1)	1,190	1,205
Electricity production (GWh) - Consolidated plants	1,074	1,077

(1) Consolidated plants and plants owned by equity-accounted investees

(*) Financial indebtedness calculated as per the ESMA32-382-1138 Guidelines

The group's performance

The macroeconomic situation of 2022 was heavily affected by the current geopolitical crisis, with growing uncertainty about whether the global recovery facilitated by the roll-out of the Covid-19 vaccination programmes will continue. Following on from the last few months of 2021, the prices of commodities such as gas and coal have soared, directly affecting the price of electricity. During the year, several European countries resorted to electricity price caps to assist consumers, introducing measures that penalise companies operating in the renewable energy generation sector.

The group's operating performance in 2022 included the consolidated plants which produced 1,074 GWh of electricity, in line with the previous year (1,077 GWh). The increase in gross capacity from 750.8 MW to 892.6 MW is mostly due to the increase in the number of operating wind farms following the inclusion of the wind farms in the municipality of Ortanova and the recently completed solar farms in Romania.

ALERION GROUP - Reclassified income statement

(€m)	2022	2021
Revenue	263.3	148.6
Other revenue and income	10.4	5.2
Total revenue and income	273.7	153.8
Personnel expenses	(6.2)	(2.9)
Other operating costs	(41.8)	(32.9)
Operating costs	(48.6)	(36.0)
Share of profit of equity-accounted investees	7.7	14.1
Gross operating profit	232.8	131.9
Amortisation, depreciation and impairment losses	(43.0)	(41.0)
Operating profit	189.8	90.9
Net financial expense	(18.3)	(22.4)
Profit before tax	171.5	68.5
Income taxes	(98.3)	(18.3)
Profit for the year	73.2	50.2
Profit attributable to non-controlling interests	2.2	1.5
Profit attributable to the owners of the parent	71.0	48.7

Total revenue and income amount to €273.7 million (€153.8 million in 2021). Specifically, **revenue** increased from €148.6 million in 2021 to €263.3 million for the year, driven up by the surge in the selling price of electricity during the year, which more than offset the reduction in the unit feed-in tariff for wind farms that benefit from the feed-in tariff scheme (FIP, formerly "green certificates") of €42.9/MWh compared to €109.4/MWh in 2021.

Revenue from electricity sales reflects the effects of the hedges entered into by the parent to reduce the risk of volatile prices. These derivatives directly reduced this revenue by approximately €15.1 million. More information is available in note 28 to the consolidated financial statements.

A breakdown of the average prices per area and the variable price (PUN) in 2022 and 2021 is as follows:

(€/Mwh)	2022	2021	Δ	Δ %
Italia				
PUN - national single price	304.0	125.5	178.5	142%
North Italy	307.8	125.2	182.6	146%
Central Italy	307.6	125.4	182.2	145%
Central-South Italy	298.9	125.3	173.6	139%
South Italy	295.8	123.6	172.2	139%
Sardinia	287.0	123.6	163.4	132%
Sicily	295.1	129.0	166.0	129%
Feed-in tariff (former green certificates) - Italy	42.9	109.4	(66.5)	-61%
Spain	167.5	111.9	55.6	50%
Romania	265.3	110.9	154.4	139%

With resolution 27/2023/R/efr of 31 January 2023, the Italian regulatory authority for energy, networks and the environment ("Arera") announced, for the purposes of determining the 2023 feed-in tariff, that the average annual selling price of electricity was €298.05/MWh in 2022. Accordingly, the 2023 feed-in tariff, which is 78% of the difference between €180/MWh and the average annual selling price of electricity for the previous year, is €0/MWh. Based on GSE's procedures, these feed-in tariffs are paid by GSE on a monthly basis by the end of the second month following the reference month. The following table shows the average feed-in tariffs for 2021, 2021 and 2022:

(€/Mwh)	2023	2022	2021
Feed-in tariff (former green certificates) - Italy	0.0	42.9	109.4

The 2022 average selling price of electricity from wind farms under the feed-in tariff schemes is €298.3/MWh, compared to €230.4/MWh in 2021. Specifically:

- the average selling price of electricity is €255.5/MWh compared to €121/MWh in 2021;
- the average feed-in tariff for the year is €42.9/MWh (€109.4/MWh in 2021).

The Villacidro, Morcone-Pontelandolfo and Albareto wind farms benefit from a minimum guaranteed auction price (pursuant to the Ministerial decree of 23 June 2016) of €66/MWh.

Other revenue and income of €10.4 million (€5.2 million in 2021) mostly relate to: i) insurance compensation received during the year; ii) government grants received to build wind farms and released to profit or loss over their estimated useful lives; and iii) administrative and technical consultancy services provided to third parties and equity-accounted investees. The increase in this caption is mostly a result of Alerion Service's inclusion in the consolidation scope on 14 April 2022.

The following table shows the group's installed capacity and electricity production figures for 2022:

The group's installed capacity by wind farm in 2022 and 2021 is shown below:

Site	Gross capacity (MW)		Investment (%)	Consolidated capacity (MW)	
	31 December 2021	31 December 2022		31 December 2021	31 December 2022
Subsidiaries' plants (consolidated)	2021	2022		2021	2022
Operating wind farms - Italy					
Albanella (SA)	8.5	8.5	100%	8.5	8.5
Albareto (PR)	19.8	19.8	100%	19.8	19.8
Agrigento (AG)	33.2	33.2	100%	33.2	33.2
Callari (CT)	36.0	36.0	100%	36.0	36.0
Castel di Lucio (ME)	23.0	23.0	100%	23.0	23.0
Ciorlano (CE)	20.0	20.0	100%	20.0	20.0
Fri-El Campidano (VS)	70.0	70.0	100%	70.0	70.0
Grottole (MT)	54.0	54.0	100%	54.0	54.0
Licodia (CT)	22.1	22.1	80%	22.1	22.1
Morccone-Pontelandolfo (BN)	51.8	51.8	100%	51.8	51.8
Nulvi-Tergu (SS)	29.8	29.8	90%	29.8	29.8
Ortona (FG)	34.0	34.0	100%	34.0	34.0
San Marco in Lamis (FG)	44.2	44.2	100%	44.2	44.2
Regalbuto (EN)	50.0	50.0	100%	50.0	50.0
Ricigliano (SA)	36.0	36.0	100%	36.0	36.0
Villacidro (VS)	30.8	30.8	100%	30.8	30.8
Orta Nova (FG)	0.0	51.0	100%	0.0	51.0
Cerignola (FG)	0.0	11.0	100%	0.0	11.0
Total	563.0	625.0		563.0	625.0
Operating wind farms - abroad					
Comiolica (Spain)	36.0	36.0	100%	36.0	36.0
Krupen (1,2,3,4) (Bulgaria)	12.0	12.0	51%	12.0	12.0
Total	48.0	48.0		48.0	48.0
Operating solar farms - abroad					
Frasinet (Romania)	0.0	53.3	100%	0.0	53.3
Fravort (Romania)	0.0	4.9	100%	0.0	4.9
Tremalzo (Romania)	0.0	4.0	100%	0.0	4.0
Inspire Parc Solar (Romania)	0.0	3.8	100%	0.0	3.8
Solar Live Energy (Romania)	0.0	3.6	100%	0.0	3.6
Green Fotovoltaic Parc (Romania)	0.0	5.4	100%	0.0	5.4
Cavignon (Romania)	0.0	5.0	100%	0.0	5.0
Total	0.0	80.0		0.0	80.0
Total subsidiaries' plants	611.0	752.9		611.0	752.9
Equity-accounted investees' wind farms (1)					
Operating wind farms - Italy					
Lacedonia (AV)	15.0	15.0	50%	7.5	7.5
San Martino in Pensilis (CB)	58.0	58.0	50%	29.0	29.0
Anzi (PZ)	16.0	16.0	49%	7.8	7.8
San Basilio (CA)	24.7	24.7	49%	12.1	12.1
Ururi (CB)	26.0	26.0	49%	12.7	12.7
Total	139.7	139.7		69.2	69.2
Total	750.8	892.6		680.2	822.1
(1) Wind farms owned by investees consolidated using the equity method as a result of the application of IFRS 11.					

The next table shows the group's electricity production by business and geographical segments in 2022 and 2021:

	Consolidated production (MWh)	
Subsidiaries' plants (consolidated)	31 December 2021	31 December 2022
Operating wind farms - Italy		
North	43,535	43,124
Central-South	233,580	211,813
South	222,162	270,477
Sicily	230,567	214,587
Sardinia	234,418	207,588
Total	964,262	947,589
Operating wind farms - abroad		
Spain	88,098	89,849
Bulgaria	24,770	27,825
Total	112,868	117,674
Operating solar farms		
Romania	0	8,755
Total	0	8,755
Total subsidiaries' plants	1,077,130	1,074,018
Equity-accounted investees' wind farms (1)		
Operating wind farms - Italy		
Central-South	12,579	11,541
South	94,698	86,038
Sardinia	20,243	18,367
Total	127,520	115,946
Total	1,204,650	1,189,964
(1) Wind farms owned by investees consolidated using the equity method as a result of the application of IFRS 11.		

The **gross operating profit** amounts to €232.8 million, up 76.5% on 2021 (€131.9 million), reflecting the strong growth in revenue pushed up by the increase in the selling price of electricity as mentioned earlier. The 2022 gross operating profit includes an estimated cost of approximately €36.9 million for the extraordinary measures introduced by the Italian authorities in 2022 to offset the rise in energy prices. The Italian government enacted the "Sostegni ter" Decree law during the year, which reduced the group's revenue by €20.6 million, while the 2023 budget act introduced a market revenue cap of €180/MWh starting from December 2022, which also adversely affected the group's revenue by €6.5 million.

In addition, the group's organisation grew considerably in 2022 which drove personnel expenses. At year end, it had 131 employees, of whom approximately 15% working at the foreign group companies, representing a net increase of 85 resources over 31 December 2021. This strong growth is mostly a result of the insourcing of the operation and maintenance of operating plants through the acquisition of Alerion Service S.r.l. and the group's continuous expansion of its business in Italy and abroad.

Other operating costs of €41.8 million also increased significantly in 2022, mostly due to the inclusion of Alerion Service in the consolidation scope (after its acquisition in April 2022) as well as the rise in variable costs linked to revenue from the sale of electricity.

The share of profit of equity-accounted investees recognised above the **gross operating profit** decreased from €14.1 million for 2021 to €7.7 million as a result of the above-mentioned measures introduced by the Italian government. Specifically, this caption reflects the windfall tax for 2022 of €3.4 million imposed by article 37 of Decree law no. 21/2022 as subsequently amended and the temporary solidarity contribution of €6.4 million as per the 2023 budget act.

The **operating profit** grew strongly to €189.8 million from €90.9 million in 2021, after amortisation, depreciation and impairment losses of €43 million.

The **profit before tax** of €171.5 million shows a significant increase on the €68.5 million profit for 2021. It includes financial expense and net gains from equity investments and other financial assets of approximately €18.3 million, a considerable reduction on €22.4 million for 2021 due to the fact that the refinancing transactions completed towards the end of 2021 and early in 2022 contributed to the full year in 2022. Specifically, in 2021, these transactions led to the recognition of greater financial expense for the prepayment penalty of €2.8 million plus outstanding transaction costs of €1.5 million, incurred concurrently with the issue of the bonds and not yet fully amortised.

The **profit for the year** amounts to €73.2 million, which is an improvement on the profit of €50.2 million for the previous year. It is net of income taxes of around €98.3 million (€18.3 million in 2021).

Income taxes include both the tax expense for the year and the effects of the government's measures to counter the rising energy prices and specifically:

- article 37 of Decree law no. 21 of 21 March 2022, amended by Decree law no. 50 of 17 May 2022, which introduced the windfall tax of €25.9 million imposed on energy companies;
- article 1.115 of Law no. 197 of 29 December 2022 introducing the temporary solidarity contribution, calculated by applying a ratio of 50% to the total profits achieved in 2022 in excess of the annual average of profits for the four previous years (€28.9 million).

The **profit attributable to the owners of the parent** amounts to €71 million compared to €48.7 million for 2021.

The **profit attributable to non-controlling interests** comes to €2.2 million (€1.5 million in 2021).

Financial position and cash flows

ALERION GROUP - Reclassified statement of financial position

	31.12.2022	31.12.2021	Change
<i>Intangible assets</i>	197.8	201.3	(3.5)
<i>Property, plant and equipment</i>	543.4	490.5	52.9
<i>Financial assets</i>	56.6	61.6	(5.0)
<i>Non-current loans</i>	17.6	7.2	10.4
Non-current assets	815.4	760.6	54.8
Other non-financial liabilities, net	(124.9)	(26.5)	(98.4)
NET INVESTED CAPITAL	690.5	734.1	(43.6)
Equity attributable to the owners of the parent	298.8	227.1	71.7
Equity attributable to non-controlling interests	6.2	4.5	1.7
Equity	305.0	231.6	73.4
Cash and cash equivalents	226.6	123.6	103.0
Other financial liabilities, net	(612.1)	(626.1)	14.0
Financial indebtedness *	(385.5)	(502.5)	117.0
EQUITY + FINANCIAL INDEBTEDNESS*	690.5	734.1	(43.6)

* Financial indebtedness calculated as per the ESMA32-382-1138 Guidelines

Change in consolidation scope

Changes in the consolidation scope compared to 31 December 2021 have not had a significant impact on the group's cash flows and results of operations for the year. The main change was the acquisition of Alerion Service S.r.l. on 14 April 2022 from the ultimate parent. This new group company provides operation and maintenance services to the group's wind farms under contracts agreed with the operating companies at market conditions. The acquisition led to a significant increase in inventories and the number of employees, up from 46 at 31 December 2021 to 131 at the reporting date.

On 18 July 2022, Alerion Clean Power S.p.A. set up the UK-based Alerion UK Limited, a holding company for the SPEs necessary to develop the group's operations in the United Kingdom.

At 31 December 2022, **property, plant and equipment** and **intangible assets** amount to €741.2 million (€691.8 million at 31 December 2021). The €49.4 million increase is net of amortisation and depreciation of €43 million and reflects the greater investments made mostly in Italy and Romania during the year.

Other non-financial liabilities, net include trade receivables on the sale of electricity and amounts due under feed-in tariff schemes totalling €18.7 million compared to €47.2 million at 31 December 2021. Specifically, amounts due under feed-in tariff schemes from GSE amount to €3 million (€14.6 million at 31 December 2021).

Equity attributable to the owners of the parent increased by €71.7 million to €298.8 million at 31 December 2022 from €227.1 million at the previous year end. This increase is mostly a result of: i) the profit for the year attributable to the owners of the parent of €71 million; ii) the fair value gains on derivatives hedging bank project financing, bonds and commodity swaps on electricity prices of €29.4 million, net of the related tax; iii) other changes of €3.4 million mostly due to the recent acquisition of Alerion Service S.r.l. from the ultimate parent; and iv) the distribution of dividends of €23.8 million as per the shareholders' resolution of 22 April 2022.

Financial indebtedness amounts to €385.5 million, down €117 million on 31 December 2021 (€502.5 million). The improvement is principally due to the very positive cash flows from operating activities thanks to the surge in the selling price of electricity during the year, despite the outlay for investments mostly made in Romania and Italy.

A breakdown of financial indebtedness at 31 December 2022 and 31 December 2021 is as follows:

The following table shows the group's financial indebtedness calculated in accordance with the ESMA Guidelines set out in section 175 of "Guidelines on disclosure requirements under the Prospectus Regulation" (04/03/2021 | ESMA32-382-1138). It also shows the financial parameters of the covenants provided for in the regulations of the bonds issued by the parent and traded on the regulated market (the 2019-2025 green bonds, the 2021-2027 green bonds placed in 2021 and the 2022-2028 green bonds placed in 2022). At 31 December 2022, the covenants have been complied with.

ALERION GROUP - Financial indebtedness

	31.12.2022	31.12.2021
Cash and cash equivalents		
Cash and cash equivalents	226,6	123,6
Total cash and cash equivalents	226,6	123,6
Loans and other current financial assets	76,0	0,5
Liquidity	302,6	124,1
Current financial liabilities		
Bank facilities	(0,1)	(19,0)
Derivatives	-	(15,8)
Current loans and borrowings	(0,1)	(34,8)
Bank loans and borrowings and project financing	(34,0)	(25,9)
Lease liabilities	(1,1)	(1,2)
Finance lease liabilities	-	(5,3)
Derivatives	-	(1,1)
Accrued interest on bonds	(3,1)	(1,0)
Other loans and borrowings	(0,3)	(0,3)
Current portion of non-current loans and borrowings	(38,5)	(34,8)
Current financial debt	(38,6)	(69,6)
NET CURRENT FINANCIAL POSITION	264,0	54,5
Non-current financial liabilities		
Bank loans and borrowings and project financing	(127,7)	(106,9)
Other loans and borrowings	(10,4)	(12,2)
Lease liabilities	(16,0)	(19,8)
Finance lease liabilities	-	(19,2)
Derivatives	-	(3,0)
Non-current loans and borrowings	(154,1)	(161,1)
Bonds issued	(495,4)	(395,9)
Debt instruments	(495,4)	(395,9)
Trade payables and other non-current liabilities	-	-
NON-CURRENT FINANCIAL DEBT	(649,5)	(557,0)
FINANCIAL INDEBTEDNESS*	(385,5)	(502,5)
FINANCIAL INDEBTEDNESS (excluding derivatives)	(387,6)	(482,6)
Loans and other non-current financial assets	8,0	7,2
Derivatives	9,7	-
FINANCIAL INDEBTEDNESS FOR REPORTING PURPOSES	(367,8)	(495,3)

(*) Financial indebtedness calculated as per the ESMA32-382-1138 Guidelines

FINANCIAL COVENANTS provided for by financing agreements

FINANCIAL INDEBTEDNESS FOR REPORTING PURPOSES net of derivatives	(379,6)	(475,4)
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Note 27 to the consolidated financial statements includes the table on financial indebtedness prepared in accordance with the ESMA Guidelines 32-232-1138 of 4 March 2021.

The reduction in financial indebtedness is principally due to: i) cash flows of approximately €218.6 million generated by operating activities; ii) cash flows of approximately €96.7 million used by investing activities, mostly for investments in Romania and Italy; iii) net financial expense and fair value gains on derivatives of €9.9 million; iv) dividends of €10.3 million received from equity-accounted investees; and v) dividends of €25.1 million distributed during the year.

(€m)	2022	2021
Cash flows generated by operating activities	218.6	116.8
Cash flows used in investing activities	(96.7)	(76.6)
Net financial expense and net fair value gains (losses) on derivatives	9.9	(40.0)
Dividends received from equity-accounted investees	10.3	4.0
Dividends distributed	(25.1)	(15.7)
Variation in financial indebtedness*	117.0	(11.5)
Opening financial indebtedness*	(502.5)	(491.0)
CLOSING FINANCIAL INDEBTEDNESS*	(385.5)	(502.5)

(*) Financial indebtedness calculated as per the ESMA32-382-1138 Guidelines

Leverage, which is the ratio of net financial indebtedness to net invested capital, is 55.8% at 31 December 2022 (68.5% at 31 December 2021).

Financial indebtedness (excluding derivatives) amounts to €387.6 million at 31 December 2022 compared to €482.6 million at 31 December 2021.

Cash and cash equivalents increased by €103 million from €123.6 million at 31 December 2021 to €226.6 million at 31 December 2022. The main reasons for this increase are the project financing agreements entered into by Enermac S.r.l. and Naonis Wind S.r.l. and the refinancing of the lease for the Regalbuto wind farm. These transactions enabled the group to recoup previously invested liquidity. Another factor was the issue of the new bonds on 17 May 2022. These bonds mature in 2028 and have a fixed nominal interest rate of 3.5%.

Current financial debt, including derivatives, decreased by €31 million from €69.6 million at 31 December 2021 to €38.6 million at 31 December 2022. This reduction is mostly due to: i) the above-mentioned agreement of project financing by Enermac S.r.l., Naonis Wind S.r.l. and Anemos Wind S.r.l. and the group's new bonds placed in May 2022; and ii) the parent's smaller use of its credit facilities by approximately €19 million during the year and the fair value gains of €15.8 million on derivatives recognised under current financial liabilities, (which balanced out the group's net position in derivatives.)

Non-current financial debt, including derivatives, amounts to €649.5 million (€557 million at 31 December 2021) and includes (i) bonds issued of €495.4 million, being the 2019-2025 bonds of €200 million placed on 12 December 2019, net of the outstanding transaction costs of €1.5 million, the 2021-2027 bonds of €200 million placed on 3 November 2021, net of the outstanding transaction costs of €1.8 million and the new 2022-2028 bonds with a nominal amount of €100 million placed on 17 May 2022, net of the outstanding transaction costs of €1.3 million; (ii) the non-current portion of bank loans and project financing of €127.7 million, net of the amounts that fell due on 30 June and 31 December 2022 and the prepayment of project financing by Comiolica SLU; and (iii) the non-current portion of lease liabilities of €16 million recognised in accordance with IFRS 16 "Leases".

Loans and other non-current financial assets increased by €10.5 million to €17.7 million at 31 December 2022 and mostly refer to loans given to equity-accounted investees and fair value gains on derivatives.

Reference should be made to the note to “Related party and intragroup transactions” for information on the relevant terms and conditions”.

BASIS OF PREPARATION OF THE RECLASSIFIED CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Consob resolution no. 15519 of 27 July 2006, this section describes the criteria used to prepare the reclassified statement of financial position at 31 December 2022 and the reclassified statement of profit or loss for the year then ended, included and commented on, respectively, in the section above entitled "The group's performance", and the statement reconciling the group's profit for the year and equity with those of the parent.

Reclassified statement of financial position at 31 December 2022

The captions have been reclassified and combined as follows:

Non-current assets have been broken down into the following sub-captions:

- **Intangible assets**, which comprise i) licences and concessions of €183.5 million; ii) development costs of €12.9 million; iii) patents and intellectual property and other assets of €0.2 million; and iv) assets under development of €1.1 million (note 5);
- **Property, plant and equipment**, which comprise i) land and buildings of €31.2 million; ii) plant and machinery of €431 million; iii) assets under construction of €79 million, related to investments in wind farms, and iv) other assets of €2.1 million (note 7);
- **Financial assets**, which comprise the equity investments recognised under non-current financial assets in "Equity-accounted investments" of €56.6 million (note 8);
- **Non-current loans**, which include loans and other non-current financial assets of €8 million (note 9).

Other non-financial assets and liabilities, which include i) trade receivables from associates and other companies of €27.4 million (note 12); ii) deferred tax assets of €34.5 million (note 34); iii) tax assets (note 13) and other current assets (note 14) of €34.8 million; iv) trade payables of €45.6 million (note 24); v) post-employment benefits and other employee benefits of €1.2 million (note 20); vi) deferred tax liabilities of €41.1 million (note 34); vii) provisions for future risks and charges of €55.7million (note 21); viii) other non-current liabilities of €15.9 million (note 22); ix) tax liabilities of €59.1 million (note 25); x) other current liabilities of €12.6 million (note 23); and xi) inventories of €8.3 million (note 11).

Cash and cash equivalents, which include cash and cash equivalents of €226.6 million (note 16);

Other financial assets and liabilities, which include i) loans and other current financial assets of €73.9 million (note 15); ii) non-current financial liabilities of €649.5 million (note 18); iii) current financial liabilities of €38.6 million (note 23); and iv) derivatives, classified under current and non-current liabilities, of €11.8 million (note 19).

Reclassified statement of profit or loss, the captions have been reclassified and combined as follows:

Revenue, which includes i) revenue from electricity sales and revenue from the feed-in tariff scheme of €263.3 million; and ii) other revenue and income of €10.4 million (notes 28 and 29);

Net financial expense, which includes i) the negative net balance of financial income and expense of €18.4 million; and ii) net gains on equity investments and other financial assets of €0.1 million (notes 32 and 33).

Income taxes, which comprise i) current taxes of €98.2 million; and ii) deferred taxes of €0.1 million (note 34).

Reconciliation between the group's profit for the year and equity with the profit for the year and equity of the parent

€'000	Equity at 31 December 2022 attributable to the owners of the parent	Profit for 2022 attributable to the owners of the parent
Alerion Clean Power S.p.A.	286,723	94,366
Difference between the carrying amount and the group's share of the subsidiaries' equity	(88,571)	(10,889)
Recognition of intangible assets with finite lives related to the development of projects to build wind farms - IAS 38 (implicit value of the building permits and rights)	39,659	(1,497)
Recognition of intangible assets with finite lives acquired as a result of business combinations at fair value in accordance with IFRS 3	84,644	(4,715)
Recognition of derivatives	(2)	(17,403)
Recognition of derivatives - IAS 39, including those related to investments in joint ventures	(1)	(178)
Adjustment of equity-accounted investments to the group's share of the investees' equity	9,057	7,869
Adjustment of investments in associates to the group's share of the associates' equity - IAS 28	(309)	(44)
Elimination of intragroup transactions	(2,238)	184
Other consolidation adjustments	(30,176)	3,347
Consolidated financial statements	298,786	71,040

Other consolidation adjustments include the adjustments made to offset the higher amounts recognised in the subsidiaries' financial statements due to their revaluation of non-current assets.

THE PARENT'S PERFORMANCE

This section includes comments on the main captions of the parent's statements of profit or loss and financial position.

(€m)	2022	2021
Financial income	11.5	7.9
Dividends	81.0	70.4
Net gains on equity investments	92.5	78.3
Revenue from consultancy services	20.6	3.9
Other income	0.1	0.1
Other revenue and income	20.7	4.0
Total revenue and income	113.2	82.3
Personnel expenses	(2.5)	(2.0)
Other operating costs	(5.3)	(7.3)
Provisions for risks	-	(0.1)
Operating costs	(7.8)	(9.4)
Gross operating profit	105.4	72.9
Operating profit	105.1	72.9
Net financial expense	(4.5)	(79.4)
Profit (loss) before tax	100.6	(6.5)
Income taxes	(6.3)	17.5
Profit (loss) for the year	94.4	11.0

Net gains on equity investments amount to €92.5 million for 2022 compared to €78.3 million for 2021. They mainly comprise dividends of approximately €81 million received from subsidiaries and net interest income of around €11.5 million accrued on amounts due from investees during the year.

Other revenue and income of €20.7 million (€4 million in 2021) mostly relate to services provided by the parent to subsidiaries. The increase is principally due to ad hoc services such as the recharging of income and expense arising on derivatives agreed by the parent to hedge the selling price of electricity generated and sold to the grid by the subsidiaries.

The **operating profit** amounts to €105.1 million (€72.9 million in 2022), net of operating costs of approximately €7.8 million (€9.4 million in 2021).

The **profit for the year** grew strongly from around €83.4 million in 2021 to about €94.4 million. It includes net financial expense of €4.5 million, significantly lower than the 2021 balance of €79.4 million as a result of:

i) greater financial income consisting of interest on liquidity held in time deposits and bonds; ii) income of €8.4 million recognised after the early termination of positions as the related commodity swaps, agreed by the parent in 2022, matured; iii) smaller losses on commodity swaps settled during the year; iv) net of higher interest on bonds after the placing of the new 2022-2028 bonds. The parent remeasured the energy swap and reversed the derivative liability of €15,760 million as a decrease in losses on derivatives.

Alerion Green Power S.p.A. - Reclassified statement of financial position

(€m)	31.12.2022	31.12.2021
Intangible assets	0.0	0.0
Property, plant and equipment	4.0	0.1
Financial assets	353.2	343.4
Non-current assets	357.2	343.5
Other non-financial assets (liabilities), net	(1.2)	26.4
NET INVESTED CAPITAL	356.0	369.9
Equity	286.7	218.7
Equity	286.7	218.7
Cash and cash equivalents	96.4	48.1
Other financial liabilities, net	(165.7)	(199.3)
Financial debt for reporting purposes	(69.3)	(151.2)
EQUITY + FINANCIAL DEBT FOR REPORTING PURPOSES	356.0	369.9

Non-current assets grew by €13.8 million to €357.3 million at 31 December 2022, mostly due to the increase in financial assets as a result of development initiatives in Romania financed through the subsidiary Alerion Clean Power S.r.l..

Other non-financial liabilities, net amount to €1.2 million at 31 December 2022 compared to a net positive balance of €26.4 million at the end of the previous year and comprise:

- **non-financial assets**, which amount to €79.1 million, showing an increase of €2.2 million on 31 December 2021, mainly consist of: i) deferred tax assets of €10.1 million (€9.6 million at 31 December 2021); ii) trade receivables of €22.9 million (€4.6 million at 31 December 2021); iii) tax assets of €0 million (€0.1 million at 31 December 2021); and iv) other current assets of €46.2 million (€62.7 million at 31 December 2021);
- **non-current liabilities**, which increased by €29.8 million to €80.4 million at 31 December 2022 and principally comprise: i) provisions for future risks and charges of €37.7 million (€37.8 million at 31 December 2021); ii) post-employment benefits of €0.7 million (€0.5 million at 31 December 2021); iii) trade payables of €3 million (€1.7 million at 31 December 2021); iv) other current and non-current liabilities of €14.9 million (€6.4 million at 31 December 2021); v) deferred tax liabilities of €0.3 million (€0.5 at 31 December 2021); and vi) tax liabilities of €23.9 million (€3.5 million at 31 December 2021).

At 31 December 2022, **equity** amounts to €286.7 million, up on the previous year end figure of €218.7 million, mostly due to the profit for the year of €94.4 million, the distribution of dividends of €24.2 million net of the repurchase of own shares for €2.2 million.

The **financial indebtedness for reporting purposes** amounts to €69.3 million at year end, showing an improvement of €81.9 million on 31 December 2021.

Financial assets amount to €342.2 million, up €102.9 million compared to 31 December 2021, and mainly comprise: i) non-current intragroup loans of €236.1 million (€211.7 million at 31 December 2021); and ii) current intragroup loans of €33.1 million (€27.6 million at 31 December 2021).

Financial liabilities increased by €69.3 million to €507.9 million at 31 December 2022 and mostly consist of: i) non-current portions of bonds and other borrowings of €501.6 million (€400.2 million at 31 December 2021); ii) current portions of bonds and other borrowings of €5.2 million (€37.4 million at 31 December 2021); and iii) loans and borrowings from subsidiaries of €1.1 million (€1 million at 31 December 2021).

LEGISLATIVE FRAMEWORK

The most important measures affecting the legislative framework for the sector in 2022 are shown below.

Feed-in tariff (formerly "green certificates")

With resolution 26/2022/R/EFR of 25 January 2022, Arera announced, for the purposes of determining the 2022 feed-in tariff, that the average annual selling price of electricity was €125.06/MWh in 2021. Accordingly, the 2022 feed-in tariff, which is 78% of the difference between €180/MWh and the average annual selling price of electricity for the previous year, is €42.9/MWh. Based on GSE's procedures, these incentives are paid by GSE on a monthly basis by the end of the second month following the reference month.

Europe's new 2030 targets for renewable energy and energy efficiency

The new European renewable energy and energy efficiency targets for 2030 were set in 2018. These principles, which are to be transposed into new Community directives, set a reduction target of at least 40% for GHG emissions (using 1990 levels as the baseline) and a second target of 32% (compared with the 27% originally proposed by the European Commission) in the final consumption of renewable energy by 2030, with an annual obligation of 1.3% for thermal renewables and a 14% obligation in the transport sector. The new 2030 target for energy efficiency was set at 32.5%. The European Community is currently revisiting these directives to enact the proposal to bring the net reduction in GHG emissions to at least 55%.

Decree law no. 4 of 27 January 2022 (the "Sostegni-ter" decree) was published in the Italian Official Journal on 27 January 2022 and set out urgent measures to support businesses and economic operators, employment, health and local services in conjunction with the Covid-19 emergency and to curb the effects of the price increases in the electricity sector.

Article 16 introduces a compensation mechanism calculated by comparing current and historical prices, which is applicable from 1 February to 31 December 2022 to electricity injected into the grid by renewable energy plants (excluding plants with capacity of less than 20 kW) that benefit from the feed-in tariff and use hydroelectric, solar or wind power and that do not have access to feed-in schemes.

Measures to mitigate high energy prices

In 2022, the Italian government introduced a series of measures to mitigate high energy prices which i) reduced the revenue, and ii) increased the tax burden of energy sector companies:

Two-way compensation contribution - Decree law no. 4/2022

Law no. 25 of 28 March 2022, converting Decree law no. 4 of 27 January 2022, established that a two-way compensation mechanism would be applied to energy prices in the period from 1 February 2022 to 31 December 2022 applicable to electricity generated by plants with capacity in excess of 20 kW that use solar, hydroelectric, geothermal or wind power and that do not have access to feed-in schemes and were commissioned before 1 January 2010. This mechanism is equal to the difference between the reference price for the market area and the market price equal to the hourly area price of the electricity market and, therefore, the price indicated in the in-scope supply contracts agreed before 27 January 2022.

Windfall tax - Decree law no. 21/2022

Decree law no. 21/2022 and the related amendment to Decree law no. 50/2022 established a windfall tax on profits for every company belonging to an industrial group active in the energy sector. This levy is based on the increase in the balance between the company's income and expense in the period from 1 October 2021 to 30 April 2022, compared to the same period 12 months earlier. The rate, initially set at 10%, was increased to 25% and is applicable if the increase is greater than €5,000,000. The windfall tax is not due if the increase is less than 10%.

Price cap mechanism - Law no. 197/2022

Article 1.30-38 of Law no. 127 of 29 December 2022 refers to Council Regulation (EU) 2022/1854 of 6 October 2022 and establishes a cap from 1 December 2022 to 30 June 2023 on market revenue earned on the generation of electricity through a compensation mechanism. The GSE was to take the difference between the set price of €180/MWh and the market price (the monthly average of the market hourly area price, calculated as the weighted average for the non-programmable plants based on their production parameters) from the producers.

Temporary solidarity contribution - Law no. 197/2022

This contribution was introduced by article 1.115 of Law no. 127 of 29 December 2022 and is calculated using a rate of 50% on the total taxable profits as determined for IRES purposes for the fiscal year starting on or before 1 January 2023 that exceed the average taxable profits generated in the four previous fiscal years by at least 10%. Moreover, this contribution is due for up to 25% of the company's equity at the year end prior to the year starting on or after 1 January 2022. Payment of this temporary solidarity contribution is due by 30 June 2023.

Spanish legislative framework

Spanish legislation governing renewable energy is regulated by the framework for the generation and promotion of renewable energies of the EU and specifically Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC. As provided for by Spanish law, the judicial framework is established by Law no. 24/2013 of 26 December 2013 on the electricity sector (the "ESL"), which is implemented with: (i) Royal decree no. 413/2014 of 6 June 2014, which regulates the generation of electricity from renewable sources, co-generation and waste; (ii) Royal decree no. 1955/2000 of 1 December 2000, which covers the production, transmission, distribution, sale and supply of electricity and the authorisation procedures for power plants; and (iii) Royal decree no. 2019/1997 of 26 September 1997, which organises and governs the electricity market.

In addition to the regulations enacted at government level: (i) most of the autonomous communities ("*Comunidades Autónomas*") have also approved specific regulations (an example is Aragón with its decree of 25 June 2004); (ii) the municipalities also have their own regulations for the issue of work authorisations; and (iii) the environmental and urban planning regulations (mostly approved at autonomous community and municipality level) also need to be considered when designing a renewable energy project.

The ESL establishes that electricity generation is an unregulated activity (unlike the transmission and distribution of energy) and, therefore, does not actually require a licence, however, authorisations to build and operate a power plant have to be obtained before it can start to produce electricity.

The remuneration of renewable energy producers in an unregulated market mostly consists of revenue earned on sales in the wholesale market. In addition, the Spanish government encourages the development of renewable energy projects and holds auctions to grant the "specific remuneration system" ("*régimen de retribución específico*") to the bidder that offers renewable energy capacity at the lowest price (e.g., requesting a lower feed-in tariff). However, any company can build a renewable energy plant without participating in an auction (i.e., without requesting a feed-in tariff) although it is then completely unprotected from price fluctuations in the electricity market.

Romanian legislative framework

In response to the rising cost of international electricity and gas markets, the Romanian government introduced a compensation mechanism so that the current prices of electricity and natural gas used for domestic consumption do not worsen the level of energy poverty.

On 29 October 2021, the Romanian government approved Law no. 259/2021 which introduced a windfall tax of 80% for the period from 1 November 2021 to 31 March on the extra revenue generated by electricity producers (including renewable production capacities but excluding thermal production capacities). This extra revenue is the difference between the average monthly selling price of electricity and the price of RON450/MWh (roughly €91/MWh).

The government then published a new government emergency ordinance no. 27/2022, which entered into force on 22 March 2022, to extend application of the windfall tax for the period from 1 April 2022 to 31 March 2023 with some favourable changes. The 80% tax was to be applied to profits rather than revenue for sales in excess of RON450/MWh

(€91/MWh), thus reducing the cost for producers. The new tax does not apply to production capacities commissioned after enactment of the new law.

MAIN RISKS AND UNCERTAINTIES

Risks related to the legislative and regulatory environment

The group operates in a highly regulated sector and therefore group companies are required to comply with a large number of laws and regulations.

Specifically, the group and its plants are subject to national and local regulations relating to various aspects of the activities carried out, which cover the entire electricity production chain. These regulations relate, inter alia, to the construction of the plants (the obtaining of building permits and other administrative authorisations), their operation and the protection of the surrounding environment, thus affecting the manner in which the group's activities are carried out.

The enactment of new legislation applicable to the group or to the production of electricity, or any changes to the current Italian legislative framework, including tax legislation, could have a negative impact on the operations of Alerion and its group. In addition, the implementation of any such changes could entail specific additional costs for the group. In particular, the costs of complying with changes to existing regulatory provisions, including compliance costs, which encompass the costs of adapting to requirements for operational activities, personnel authorisations and occupational safety, could be particularly high. Similarly, adaptation to the changes to the regulations described above may require long implementation periods. Such events could have negative effects on the group's financial position, financial performance and cash flows.

Furthermore, the high degree of complexity and fragmentation of national and local regulations for the renewable energy production sector, combined with inconsistent interpretations thereof by the competent authorities, could lead to uncertainty and litigation, with the related negative effects on the group's financial position, financial performance and cash flows.

The group contains this risk by constantly monitoring the legislative framework in order to implement any changes promptly, in such a way as to minimise any economic impacts that may arise.

Risks related to the cyclical nature of production and climate change

Given the characteristics of the energy sources used, the climatic conditions of the sites where the wind farms are located and production forecasts that are based on historical data and probabilistic estimates, production is highly variable.

Specifically, since wind power generation is dependent on "non-programmable" climatic factors, it is characterised by seasonal factors that make energy production inconstant during any one year.

Any adverse weather conditions and, in particular, any persistent lack of windiness for wind farms, also with respect to the measurements made during the development phase (regarding the availability of the energy source and weather forecasts), could lead to time lags and a reduction or stoppage of plant operations, resulting in peaks and troughs in the volumes of electricity produced, with consequent short-term effects on the group's operations, financial position, financial performance and cash flows.

The group contains this risk by planning the installation of new sites in diversified geographical areas, monitoring the trends in anemometric data in order to improve weather forecasting and scheduling plant closures in less windy periods.

The group contains any risk of damage to the plants due to adverse weather events that cannot be controlled or programmed by taking out insurance policies and agreeing maintenance contracts.

Furthermore, while climate disasters can adversely affect the group's production as a consequence of the ongoing climate change, institutions are increasingly interested in companies that produce renewable energy. In particular, the European Union has developed an action plan for financing sustainable growth (EU Action Plan) and to direct capital flows towards the European and world economy. The group, whose core business is the production of energy from renewable sources, is heavily involved in these projects.

The production of electricity from wind and solar sources is included in the European taxonomy as a sector that actively contributes to climate mitigation, contributing to Italy's binding obligation to reduce its CO2 emissions in the non ETS sectors by 33% by 2030 compared to the 2005 baseline for decarbonisation purposes.

In addition, companies whose core business mostly consists of environmentally sustainable economic activities can access specific financing and investment tools, such as green bonds. In this regard, on 19 December 2019, 3 November 2021 and 17 May 2022, the parent's board of directors resolved to issue bonds, the terms of use of which are designed to meet the criteria set out in the parent's Green Bond Framework.

Risks associated with financing agreements

The group has a high level of financial and bond debt, on which it incurs financial expense. In addition, should it be required to refinance existing debt before the relevant maturity date, it may not be able to complete its investments in progress or envisaged by the plan.

Accordingly, the debt already contracted or to be contracted for the activities necessary to build and commission wind farms has entailed and/or will entail (as the case may be) an increase in the group's financial indebtedness. Therefore, without prejudice to the increase in revenue generated by the new wind farms after the testing period, it may encounter difficulties in repaying its debt and meeting its financial obligations, also considering the progressive expiry of the feed-in tariff schemes that apply to its plants.

The group's projects are funded through project financing and corporate loans, such as green bonds that meet the criteria of the parent's Green Bond Framework.

The regulations of the group's green bonds and the financing agreements, in particular project financing agreements, contain a series of standard clauses, such as affirmative and negative covenants, negative pledge clauses, restrictions on dividend distribution, reporting of results and financial statements, obligations to maintain financial ratios which are subject to periodic verification, and default clauses. Some project financing agreements also contain cross default clauses, according to which defaults by entities other than the beneficiary companies may result in the residual amount of the loan becoming immediately payable.

Financial parameters and covenants

2019-2025 green bonds

With regard to the 2019-2025 green bonds, if at a calculation date, the ratio of financial indebtedness for reporting purposes net of derivatives to equity net of derivatives is higher than 2.5, the parent undertakes not to take on additional financial indebtedness for reporting purposes net of derivatives, unless this ratio is equal to or less than 2.5 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December 2019. The parent periodically monitors compliance with the agreed ratios and clauses. The covenant was complied with at 31 December 2022.

2021-2027 green bonds

With regard to the 2021-2027 green bonds, if at a calculation date, the ratio of financial indebtedness for reporting purposes net of derivatives to equity net of derivatives is higher than 3, the parent undertakes not to take on additional financial indebtedness for reporting purposes net of derivatives, unless this ratio is equal to or less than 3 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December 2021. The parent periodically monitors compliance with the agreed ratios and clauses. The covenant was complied with at 31 December 2022.

2022-2028 green bonds

With regard to the 2022-2028 green bonds, if at a calculation date, the ratio of financial indebtedness for reporting purposes net of derivatives to equity net of derivatives is higher than 3, the parent undertakes not to take on additional financial indebtedness for reporting purposes net of derivatives, unless this ratio is equal to or less than 3 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December 2022. The parent periodically monitors compliance with the agreed ratios and clauses. The covenant was complied with at 31 December 2022.

Project financing

Note 18 "NON-CURRENT FINANCIAL LIABILITIES" describes the covenants to be complied with at 31 December 2022 for the project financing.

Interest rate risk

Following the issue of the bonds, as described above, the group is only marginally exposed to the risk associated with interest rate fluctuations.

The group has resorted to bank loans, including project financing agreements, to finance its projects. In this context, a significant increase in interest rates could have a negative impact on the returns of its future investment projects.

In order to contain this risk, the group has implemented a policy to hedge risks arising from interest rate fluctuations through the use of interest rate hedges (interest rate swaps, IRS), to manage the balance between fixed rate and floating rate debt.

The additional information on the risks arising from financial instruments required by IFRS 7 is provided in section 3 "Financial risk management" of the notes to the consolidated financial statements.

Credit risk related to the sale of electricity

The energy produced by the group's wind farms is purchased by trading companies, which sell it on the market. The group has specific agreements with such companies for the electricity generated by the group SPEs' wind farms and is exposed to the risk that they may not pay the consideration in full or on time. At year end, the group has trade receivables of €15.6 million due from these trading companies.

The parent deems this risk to be unlikely but should the trading companies default on their commitments, this could negatively affect the financial position, financial performance and cash flows of the parent and the group.

The group sells the electricity produced by all the wind farms under one-year bilateral agreements (without tacit renewal) agreed by the SPEs that own the wind farms with the trading companies.

The group is exposed to the risk that its counterparties may default on their payments. Delays or non-payment could trigger a liquidity crisis for the group and make it difficult to meet its financial and other commitments with the related adverse effects on its results, outlook, financial position, financial performance and cash flows.

In addition, should the existing relationships with the trading companies deteriorate, the group could decide to terminate the sales agreements. In this case, it could find it difficult to identify counterparts with an adequate credit rating and to agree terms and conditions that are equally advantageous to those of its current agreements. This could have a negative effect on the group's results, outlook, financial position, financial performance and cash flows.

Risks related to the national feed-in tariff schemes the group is eligible for

All the group's wind farms, except for those in Albanella, Agrigento, Ricigliano, Enermac and Naonis benefit from a feed-in tariff and 11% of its 2022 revenue is related to the national feed-in tariff schemes (47% in 2021). (The significant difference is due to the surge in the selling price of electricity seen in the past two years.) Should one or more of the group's wind farms no longer qualify for these schemes for any reason whatsoever or should GSE delay paying the amounts due, the group's revenue could decrease, even significantly. Payment delays, non-receipt of the feed-in tariffs or smaller feed-in tariffs, including for reasons not attributable to the group, could make it necessary for the parent to financially assist its subsidiaries (even significantly) to ensure that they comply with their financing covenants and other clauses in the related agreements.

The parent deems this risk to be unlikely but should any of the above occur, it could negatively affect the financial position, financial performance and cash flows of the parent and the group.

All the group's Italian operating wind farms have been eligible for the green certificates scheme, obtaining a number of green certificates proportionate to the electricity produced, sold to GSE at a price based on the percentage of the domestic wholesale market price for electricity. Following a legislative amendment approved in 2011 with Legislative decree no. 28/2011 and the related Ministerial decree of 6 July 2012, the green certificates scheme was discontinued on 1 January 2016. As a result, the beneficiary wind farms migrated to the feed-in tariff scheme for their remaining lives (between one and eight years) under specific agreements signed with GSE.

Commodity price risk

The group is principally exposed to electricity selling price volatility risk, i.e., the risk that changes in this commodity's selling price will affect its future revenue from electricity sales.

Its general risk management strategy for energy risks is to contain the effect of volatility caused by market price changes on its profit margins and the stability of its cash flows arising on the sale of electricity generated by its renewable power plants.

The group negotiates commodity swaps to mitigate price risk for a specific component of the specific risk embedded in the selling prices of electricity. Its related risk management objective is to protect the value of its future sales of electricity from unfavourable fluctuations in the risk component embedded in the sales price agreed with its customers.

The purpose of the hedging relationships designated as such by the group is to peg the hedged risk component tied to revenue from future highly probable electricity sales by agreeing commodity swaps.

Credit risk

Credit risk represents the group's exposure to potential losses arising from default by its counterparties.

At the date of preparation of this report, there have been no significant instances of counterparty default. While most of the group's trade receivables are due from a limited number of customers, there is no risk of default linked to the concentration of credit due to its counterparties' excellent creditworthiness.

Section 3 "FINANCIAL RISK MANAGEMENT" of the notes to the consolidated financial statements provides more information about this risk.

Liquidity risk

Liquidity risk is the risk that, due to the group's inability to access new sources of funds, it will not be able to meet its financial and commercial obligations in line with the established terms and deadlines. The group's objective is to create a financial structure that, in accordance with its operating objectives, always guarantees an adequate level of liquidity.

Section 3 "FINANCIAL RISK MANAGEMENT" of the notes to the consolidated financial statements provides more information about this risk.

The consolidated financial statements have been drawn up on a going concern basis. Indeed, despite the general uncertain situation and volatile financial markets caused by the spread of Covid-19 and the recent conflict between Ukraine and Russia which has heightened tensions on international markets, also due to the difficulty in reading the current geopolitical situation, the group believes that there are no material uncertainties (as defined by IAS 1.24) that may cast significant doubt upon the group's ability to continue as a going concern. Since electricity production is a service of public interest, the group's operations have not been reduced or affected by such events.

The group assessed the parent's and the group's ability to continue as going concerns when preparing the separate and consolidated financial statements and concluded that, despite the difficult economic and financial environment, there is no doubt that they can continue as going concerns.

Section 3 on the financial risk management policy in the notes to the consolidated financial statements describes the group's measures to manage such risks.

Uncertainties due to the economic and social repercussions of the spread of Covid-19

The Covid-19 pandemic

The international public health emergency triggered by Covid-19 has continued throughout 2022. The group has taken and continues to take all the steps necessary to ensure the ongoing operational continuity of its assets in safe conditions. Thanks to its business model, neither the group's performance nor its financial stability were adversely affected by Covid-19 during the year. It continued to monitor the consequences of the state of emergency on economic and business factors in order to promptly implement appropriate action plans.

Assumptions about future changes in the current macroeconomic and financial situations are subject to great uncertainty, which could affect the judgements and estimates made by management about the carrying amount of assets and liabilities that are subject to greater volatility.

CORPORATE EVENTS

Reference should be made to the section on the key events of the year.

RELATED PARTY AND INTRAGROUP TRANSACTIONS

The information on related party transactions required by Consob communication no. DEM/6064293 of 28 July 2006 is presented in the relevant sections of this report.

In accordance with the Consob communications of 20 February 1997, 27 February 1998, 31 December 1998, 31 December 2002 and 27 July 2006, as well as subsequent Regulation no. 17221 of 12 March 2010 on related party transactions, as amended, it is noted that none of the group's related party transactions were atypical, unusual, unrelated to normal business operations or detrimental to the group's financial position, financial performance and cash flows.

Terms and conditions of intragroup transactions

As part of its holding company activities, Alerion coordinates the administrative, management and commercial activities of the group companies and optimises their financial resources. It provides services to the subsidiaries and associates as part of these activities. These transactions with subsidiaries are eliminated in the consolidation process. Financial transactions are also carried out between the group companies. Transactions with subsidiaries and investees are regulated at arm's length, taking into account the nature of the services provided. Significant transactions with subsidiaries or investees that affect the group's consolidated financial statements include the subsidiaries' participation in the domestic tax consolidation scheme.

The parent is the tax consolidator. The scheme enables the participating group companies to offset their taxable profits or tax losses with a clear benefit not only for themselves, but also for the group as a whole.

Companies participating in the domestic tax consolidation scheme have signed an agreement governing and specifying the requirements, obligations and responsibilities to which they mutually agree when they join the scheme. In particular, specific provisions are designed to ensure that participation is not economically or financially disadvantageous compared to their position had they not joined the scheme, or if (where applicable) they had opted for group taxation with their own subsidiaries.

EVENTS AFTER THE REPORTING DATE AND OUTLOOK

Events after the reporting date

During the first quarter of 2023, the procedure for the choice of Andromeda Wind S.r.l., Fri-El Anzi S.r.l. and Fri-El Guardionara S.r.l. commenced as per the information document published on 20 November 2020. Under this procedure, the owners may acquire the entire quota capital of each of the companies at a fair price determined by an independent expert. The transaction should be completed by the end of April 2023.

Outlook

The group will continue with its plan to invest in building new wind farms and solar farms, principally in Romania and Italy. It will also develop new renewable capacity to grow its pipeline of projects in areas of interest such as Spain and the United Kingdom in addition to Italy and Romania.

Its financial targets for 2023 do not reflect the effects of the possible application of the selling price adjustment mechanism introduced by the Sostegno-ter decree. Its application would have a modest adverse effect equal to around 2.5% of the group's EBITDA.

The group does not expect the ongoing war in Ukraine to affect its operations.

OTHER INFORMATION

Corporate governance

The Alerion Group is a signatory of, and complies with, the Code of Corporate Governance approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., integrated and amended to reflect its characteristics.

The corporate governance report includes a general description of the group's corporate governance system, information about its ownership structure and compliance with the Code of Conduct. It also describes the main corporate governance practices applied and the characteristics of the internal controls over financial reporting and the risk management system. This report is available on the website www.alerion.it.

Dividend distribution

At their meeting of 22 April 2022, the parent's shareholders approved the proposed distribution of a dividend from available reserves of €0.44 per outstanding ordinary share (excluding net of treasury shares), net or gross of tax, depending on the applicable tax regime, with payment as of 25 May 2022 and detachment date of coupon 11 on 23 May 2022. The parent distributed the dividend of €23.8 million in compliance with the terms established by the shareholders.

Management and coordination

Since 7 May 2021, Fri-EI Green Power S.p.A. has no longer managed and coordinated the parent pursuant to article 2497 and following articles of the Italian Civil Code although it continues to exercise its rights as the majority shareholder.

Disclosure required by Law no. 124/2017 of 4 August 2017

Article 1.125 of Law no. 124 of 4 August 2017 introduced the obligation for companies that receive grants from the public administration to disclose the amounts of the grants received in the notes to the separate (and consolidated, if prepared) financial statements. While awaiting a more specific interpretation of this law and given the possible serious consequences of non-compliance with this disclosure obligation, the group has opted to disclose the grants received from the public administration by all the group companies that fall within the general category of grants as defined by the state (i.e., the feed-in tariff schemes). The amounts shown in the tables below are also presented in the financial statements of the relevant group companies.

Summary of incentives received in 2022	Feed-in tariff	Feed-in tariff
<i>(€'000)</i>		
Gross amount received	41,443	17
Grantor: Gestore Servizi Energetivi (GSE)		

Consolidated non-financial statement

The parent is exempt from the requirement to disclose non-financial and diversity information as per Legislative decree no. 254 of 30 December 2016 which transposed Directive 2014/95/EU on the disclosure of non-financial and diversity information into Italian law. This is because at individual and group level, the average number of employees is less than 500 and therefore it does not qualify by size as a listed public interest entity, a bank or insurance company which are required to prepare and publish an individual or consolidated non-financial statement that provides disclosures on environmental, social, human resources, human rights and anti-corruption topics.

Treasury shares and shares of parents

At 31 December 2022, the parent has 289,437 treasury shares (225,356 at 31 December 2021), equal to 0.5337% of its share capital. With respect to the shareholders' resolution of 22 April 2022 authorising repurchases of treasury shares, at 9 March 2023, it has repurchased 349,911 treasury shares equal to 0.62078% of its share capital.

More information about the parent's treasury shares and changes therein during the year is provided in note 17 "EQUITY" to the consolidated financial statements.

Investments held by directors, statutory auditors, COOs and key management personnel

Following Consob resolution no. 18079 of 20 January 2012, which repealed Appendix 3C, information on the investments held by the directors, statutory auditors, COOs and other key management personnel is contained in the remuneration report prepared pursuant to article 123-ter of the Italian Consolidated Finance Act (TUF).

Exercise of option to depart from the disclosure obligations about significant non-recurring transactions

On 30 January 2013, the parent's board of directors resolved to avail of the option not to publish the information documents required for significant mergers, demergers and capital increases through the contribution of assets in kind, acquisitions and disposals.

Environment, health and safety

The Alerion Group is involved in the development, construction and management of plants that generate electricity from renewable sources, thereby contributing directly to the reduction of pollutant emissions and the promotion of a system of sustainable development in the local area.

Alerion's commitment to developing environmental resources is part of an integrated system for assessing and managing the impact of its production activities on the environment.

With regard to occupational health and safety, Alerion operates in accordance with Legislative decree no. 81/08, Legislative decree no. 106/09 and particularly the ISO 45001:2018 standard, with certification for

the "Production of electricity from wind sources. Operation and maintenance through third-party companies of plants for the production of electrical energy from wind sources". The compliance certificate no. 9192.ALEN was renewed on 20 December 2022.

In 2022, there were no workplace accidents involving group personnel, while a fatal accident involving an employee of a subcontractor occurred at one of the group's sites.

Workforce

The group has 131 employees at the reporting date, which represents a significant increase on the previous year end and is mostly due to the inclusion of Alerion Service in the consolidation scope. The following table provides a breakdown of the group's workforce:

	31.12.2021	Increases	Decreases	31.12.22	Average
Managers	2	2	0	4	3.5
Junior managers and white collars	44	46	(13)	77	63.0
Blue collars	0	56	(6)	50	32.0
Total employees	46	104	(19)	131	98.5

The employees' average age and education are as follows:

	Average age		University graduates	
Managers	54	50	2	4
Junior managers and white collars	41	38	19	50
Blue collars	0	33	0	0
Average	47.5	40.3	21	54

Branches

Alerion Clean Power S.p.A. has its registered office at Via Renato Fucini 4, Milan and a branch at Via del Gallitello 221, Potenza (PZ).

- On 15 March 2022, the subsidiary Alerion Servizi Tecnici e Sviluppo S.r.l. opened another local unit at Via Museo 33, Bolzano (BZ).
- The parent transferred its registered and head offices to Via Fucini 4, 20133 Milan on 1 August 2022.

PROPOSED ALLOCATION OF THE PROFIT FOR THE YEAR

Dear shareholders,

If you agree with that set out above, we invite you to adopt the following resolution:

The shareholders of Alerion Clean Power S.p.A.

- *having examined the parent's draft separate financial statements at 31 December 2022 which show a profit for the year of €94,365,683;*
- *having examined the consolidated financial statements at 31 December 2022 which shows a profit of €71,040 thousand attributable to the owners of the parent;*

resolve:

1. *to approve the directors' report;*
2. *to approve the parent's separate financial statements at 31 December 2022, consisting of the statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows and notes thereto, as well as the basis of preparation and related annexes, as presented by the board of directors, as a whole and in the individual captions;*
3. *to approve the allocation of the parent's profit for the year of €94,365,683 to the income-related reserves and the legal reserve for €89,647,399 and €4,718,284, respectively;*
4. *to approve the distribution of a dividend of €0.65 gross per ordinary share (net of treasury shares) outstanding at the payment date, using part of the income-related reserves with payment starting from 10 May 2023 (coupon no. 12 detachment date of 8 May 2023).*

Board of directors

2022 CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

ASSETS

(€'000)	Note	31.12.2022	including: related parties	31.12.2021	including : related parties
NON-CURRENT ASSETS:					
Intangible assets	5	197,791		201,266	
Property, plant and equipment	7	543,380		490,523	
Investments in joint ventures and associates	8	56,599		61,646	
Loans and other non-current financial assets	9	8,005	3,089	7,176	3,852
Derivatives	19	9,643		0	
Other non-current assets	10	1,215		947	
Deferred tax assets	34	34,505		46,291	
TOTAL NON-CURRENT ASSETS		851,138		807,849	
CURRENT ASSETS:					
Inventories	11	8,284		0	
Trade receivables	12	27,405	10,182	38,263	5,227
Current tax assets	13	3,089		2,989	
Other current assets	14	31,702	4,269	35,192	394
Loans and other current financial assets	15	73,885	1,000	457	
Derivatives	19	2,164		0	
Cash and cash equivalents	16	226,609		123,652	
TOTAL CURRENT ASSETS		373,138		200,553	
TOTAL ASSETS		1,224,276		1,008,402	

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY

(€'000)	Note	31.12.2022	including: related parties	31.12.2021	including: related parties
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	17	298,786		227,098	
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	17	6,212		4,525	
NON-CURRENT LIABILITIES:					
Financial liabilities	18	649,526	9,951	553,986	9,951
Derivatives	19	0		3,041	
Post-employment benefits and other employee benefits	20	1,180		631	
Deferred tax liabilities	34	41,140		42,654	
Provisions for future risks and charges	21	55,679	6	55,941	21
Other non-current liabilities	22	15,879	1,620	14,409	1,620
TOTAL NON-CURRENT LIABILITIES		763,404		670,662	
CURRENT LIABILITIES:					
Financial liabilities	23	38,598	213	52,709	213
Derivatives	19	0		16,902	
Trade payables	24	45,571	604	14,175	1,039
Current tax liabilities	25	59,060		8,670	
Other current liabilities	26	12,645	721	13,661	2,956
TOTAL CURRENT LIABILITIES		155,874		106,117	
TOTAL LIABILITIES		919,278		776,779	
TOTAL EQUITY AND LIABILITIES		1,224,276		1,008,402	

STATEMENT OF PROFIT OR LOSS

(€'000)	Note	2022	including : related parties	2021	including: related parties
Electricity sales		234,431	80,221	78,482	15,004
Feed-in tariff		28,877		70,070	
Revenue	28	263,308		148,552	
Other revenue and income	29	10,437	3,137	5,172	1,243
Total revenue and income		273,745		153,724	
Operating costs					
Personnel expenses		6,190		2,940	
Other operating costs		41,885	4,893	32,883	6,055
Accruals to provisions for risks		550		168	
Total operating costs	30	48,625		35,991	
Share of profits of equity-accounted investees		7,691		14,128	
Amortisation and depreciation		42,985		40,966	
Total amortisation, depreciation and impairment losses	31	42,985		40,966	
OPERATING PROFIT		189,826		90,895	
Financial income		2,379		492	
Financial expense		(20,861)		(22,811)	
Net financial expense	32	(18,482)	(423)	(22,319)	(423)
Net gains on equity investments and other financial assets	33	107	202	(72)	142
PROFIT BEFORE TAX		171,451		68,504	
Current		(98,158)		(14,868)	
Deferred		(100)		(3,417)	
Income taxes	34	(98,258)		(18,285)	
PROFIT FOR THE YEAR		73,193		50,219	
Attributable to:					
Owners of the parent	35	71,040		48,738	
Non-controlling interests		2,153		1,481	
EARNINGS PER SHARE					
<i>(€ per share)</i>					
Basic, considering the profit for the year attributable to the owners of the parent		1.32		0.90	
EARNINGS PER SHARE FROM CONTINUING OPERATIONS					
Basic, considering the profit from continuing operations attributable to the owners of the parent		1.32		0.90	

STATEMENT OF COMPREHENSIVE INCOME

(€'000)	2022	2021
PROFIT FOR THE YEAR (A)	73,193	50,219
Net hedging gains (losses)	40,096	(9,347)
<i>Related tax</i>	<i>(10,564)</i>	<i>2,745</i>
Net fair value gains on cash flows hedges relating to equity-accounted investees	1,108	742
<i>Related tax</i>	<i>(266)</i>	<i>(178)</i>
Net fair value gains (losses) on financial assets at fair value through other comprehensive income	(1,236)	0
<i>Related tax</i>	<i>345</i>	<i>0</i>
Post-tax other comprehensive income (expense) that may be reclassified subsequently to profit or loss (b1)	29,483	(6,038)
<i>Net actuarial gains (losses) on defined benefit plans (IAS 19)</i>	<i>(92)</i>	<i>28</i>
<i>Related tax</i>	<i>26</i>	<i>(8)</i>
Post-tax other comprehensive income (expense) that will not be reclassified to profit or loss (b2)	(66)	20
Total post-tax other comprehensive income (expense) (b1) + (b2) = (B)	29,417	(6,018)
COMPREHENSIVE INCOME (A) + (B)	102,610	44,201
Attributable to the owners of the parent	100,457	42,720
Attributable to non-controlling interests	2,153	1,481
COMPREHENSIVE INCOME	102,610	44,201

STATEMENT OF CASH FLOWS

(€'000)	Note	2022	including: related parties	2021	including : related parties
A. Cash flows from operating activities					
Profit attributable to:					
Owners of the parent		71,040		48,738	
Non-controlling interests		2,153		1,481	
Adjustments for:					
Amortisation, depreciation and impairment losses	31	42,985		40,966	
Financial (income)/expense and (gains)/losses on equity investments	31 32	18,375		22,391	
Current taxes	34	98,158		14,868	
Share of profits of equity-accounted investees		(7,691)		(14,128)	
Share-based payments		509		0	
Increase (decrease) in post-employment benefits	20	193		57	
Increase (decrease) in provisions for risks and charges	21	417		39,333	
Increase (decrease) in deferred tax liabilities	34	77		4,255	
Total cash flows from current operations		226,216		157,961	
(Increase) decrease in inventories	11	(2,825)		0	
(Increase) decrease in trade receivables and other assets	12 13 14	17,853	(8,067)	(33,374)	(3,868)
Increase (decrease) in trade payables and other liabilities	24 25 26	(70,823)	(2,670)	(8,812)	3,331
Taxes paid	34	48,188		1,086	
Total cash flows from changes in working capital		(7,607)		(41,100)	
Total cash flows generated by operating activities		218,609		116,861	
B. Cash flows from investing activities					
Consideration transferred to acquire investments in subsidiaries		(6,000)		0	
(Investments) disposals of intangible assets	5	(6,490)		(14,057)	
(Investments) disposals of property, plant and equipment	7	(83,641)		(61,094)	
Change in financial liabilities for investing activities	7	(541)		(1,362)	
Dividends received from equity-accounted investees	8	10,260		4,040	
Total cash flows used in investing activities		(86,412)		(72,473)	
C. Cash flows from financing activities					
Net change in financial liabilities/assets	9 15 18 23	(77,345)		(2,716)	
Net change in lease liabilities	18 23	(24,779)		(6,257)	
Net change in derivatives	19	8,377		0	
Decrease in bank loans and borrowings	18 23	(65,673)		(62,241)	
Increase in bank loans and borrowings	18 23	74,910		0	
Increase (decrease) in bonds issued	18 23	98,584		47,836	
Repurchase of treasury shares	17	(2,169)		(3,119)	
Dividends distributed	17	(25,107)		(15,682)	
Financial expense paid	32	(16,038)		(26,263)	
Total cash flows used in financing activities		(29,240)		(68,442)	
D. Cash flows for the year (A+B+C)		102,957		(24,054)	
E. Opening cash and cash equivalents	16	123,652		147,706	
F. Closing cash and cash equivalents (D+E)	16	226,609		123,652	

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY - 2022

	Share capital	Treasury share reserve	Share premium	Income-related reserves	Hedging reserve	Equity attributable to the owners of the parent	Non-controlling interests	Total equity
1 January 2022	161,137	(3,147)	21,400	62,939	(15,231)	227,098	4,525	231,623
Profit for the year	0	0	0	71,040	0	71,040	2,153	73,193
Other comprehensive expense	0	0	0	(957)	29,532	28,575	0	28,575
Other comprehensive income relating to equity-accounted investees	0	0	0	0	842	842	0	842
Comprehensive income	0	0	0	70,083	30,374	100,457	2,153	102,610
Dividends approved and/or distributed	0	0	0	(23,762)	0	(23,762)	(469)	(24,231)
Repurchase of treasury shares	0	(2,169)	0	0	0	(2,169)	0	(2,169)
IFRS 2 reserve	0	0	0	509	0	509	0	509
Other changes	0	0	0	(3,347)	0	(3,347)	3	(3,344)
31 December 2022	161,137	(5,136)	21,400	106,422	15,143	298,786	6,212	304,998

Reference should be made to note 16 "EQUITY" for details of the individual captions.

STATEMENT OF CHANGES IN EQUITY - 2021

(€'000)	Share capital	Treasury share reserve	Share premium	Income-related reserves	Hedging reserve	Equity attributable to the owners of the parent	Non-controlling interests	Total equity
1 January 2021	161,137	(28)	21,400	29,085	(9,066)	202,528	4,473	207,001
Profit for the year	0	0	0	48,738	0	48,738	1,481	50,219
Other comprehensive expense	0	0	0	20	(6,602)	(6,582)	0	(6,582)
Other comprehensive income relating to equity-accounted investees	0	0	0	0	564	564	0	564
Comprehensive income	0	0	0	48,758	(6,038)	42,720	1,481	44,201
Dividends approved and/or distributed	0	0	0	(15,158)	0	(15,158)	(1,432)	(16,590)
Repurchase of treasury shares	0	(3,119)	0	0	0	(3,119)	0	(3,119)
Other changes	0	0	0	254	(127)	127	3	130
31 December 2021	161,137	(3,147)	21,400	62,939	(15,231)	227,098	4,525	231,623

BASIS OF PREPARATION AND NOTES

1. CORPORATE INFORMATION

The parent, Alerion Clean Power S.p.A. (the "parent" or "Alerion") is a legal entity subject to Italian law. Its ordinary shares are listed on the MTA segment of the Euronext Milan stock exchange. The Alerion Group's (the "group") headquarters are at Via Renato Fucini 4 in Milan.

The group specialises in electricity production from renewable sources, particularly in the wind power sector.

On 9 March 2023, the parent's directors approved the publication of the group's consolidated financial statements as at and for the year ended 31 December 2022.

2. BASIS OF PREPARATION

The consolidated financial statements at 31 December 2022 comprise the statements of financial position, profit or loss, comprehensive income, cash flows and changes in equity and these notes. They have been prepared in accordance with the IFRS issued by the International Accounting Standards Board, endorsed by the European Union as published in the Official Journal of the European Communities and in force on 31 December 2021. They also comply with the measures implementing article 9 of Legislative decree no. 38/2005. The term IFRS includes all revised International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The consolidated financial statements have been prepared on a historical cost basis, except for investment property and derivatives, which are recognised at fair value. The business combinations carried out during the year have been recognised at the acquisition-date fair value.

The consolidated financial statements have been drawn up on a going concern basis. Indeed, despite the general uncertainty and financial market volatility caused by the spread of Covid-19, which the World Health Organisation classified as a pandemic on 11 March 2020, and the recent conflict between Ukraine and Russia which has heightened tensions on international markets, also due to the difficulty in reading the current geopolitical situation, the group believes that there are no material uncertainties (as defined by IAS 1.24) that may cast significant doubt upon the group's ability

to continue as a going concern. Since electricity production is a service of public interest, the group's operations have not been reduced or affected by such events.

The consolidated financial statements are presented as follows:

- the statement of financial position presents current and non-current assets and current and non-current liabilities separately;
- the statement of profit or loss presents costs based on their nature rather than their function, as the group deems that this classification is more representative;
- the statement of cash flows is based on the indirect method.

As required by Consob (the Italian Commission for listed companies and the stock exchange) resolution no. 15519 of 27 July 2006, the group has included additional tables showing the significant effects of related party transactions.

Unless otherwise indicated, amounts are expressed in thousands of Euros.

The accounting policies adopted for the preparation of these consolidated financial statements at 31 December 2022 are consistent with those used for the consolidated financial statements at 31 December 2021, except for those affected by the standards, amendments and interpretations that the group applied for the first time as of 1 January 2022, which are described in note 2.5.

"AMENDMENTS AND NEW STANDARDS AND INTERPRETATIONS".

2.1 BASIS OF PRESENTATION

In accordance with Consob resolution no. 15519 of 27 July 2006, the basis of presentation of the statements of financial position, profit or loss and changes in equity (in line with IAS 1) and of the statement of cash flows (in line with IAS 7) is set out below.

- the statement of profit or loss classifies costs based on their nature;
- the statement of financial position classifies current and non-current assets and current and non-current liabilities separately, in accordance with IAS 1;
- the statement of changes in equity presents the changes for the year by reconciling the opening and closing balances of each equity caption;
- the statement of cash flows classifies cash flows under operating, investing and financing activities, as provided for by IAS 7. Specifically, cash flows from operating activities are presented using the indirect method, whereby the profit or loss for the year is adjusted for any non-monetary items, deferral or provision of previous or future collections of an operating nature, or revenue or cost items linked to cash flows from investing or financing activities.

Lastly, in accordance with the above Consob resolution, where material, the amounts arising from related party transactions are presented separately in specific sub-captions of the statements of financial position, profit or loss and cash flows.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the parent's separate financial statements as well as the financial statements of the entities over which the parent has control. The definition of control is not based solely on legal ownership. The group controls an entity when it has the power to directly or indirectly govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries

are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Non-controlling interests in equity and profit or loss are presented separately in the statement of financial position and statement of profit or loss. Subsidiaries are consolidated, whereas jointly-controlled entities are measured using the equity method, as are associates and other entities over which the group exercises significant influence.

Consolidated investments in subsidiaries held for sale are classified in accordance with IFRS 5 and, after having been consolidated, their assets and liabilities are classified in a different caption of the statement of financial position ("Assets held for sale and disposal groups" and "Liabilities associated with assets held for sale", respectively). Their contribution to profit or loss is presented in the caption "Profit (loss) from discontinued operations" of the statement of profit or loss.

The consolidation method is summarised below:

- the subsidiaries' assets, liabilities, costs and revenue are recognised in full, by eliminating the investment's carrying amount against the acquisition-date fair value of the subsidiaries' net assets. Should a difference not allocable to specific assets or liabilities arise, it is recognised as goodwill under intangible assets if positive, or in profit or loss if negative;
- any profit or loss from transactions between subsidiaries that have not been yet realised with third parties is eliminated, as are financial assets and liabilities and costs and revenues between consolidated companies, if material;
- dividends distributed by subsidiaries are removed from profit or loss and added to retained earnings, if and to the extent they were taken therefrom;
- equity and profit or loss attributable to non-controlling interests are presented in specific captions under equity, separately from the portion attributable to the owners of the parent, and of the statement of profit or loss.

All financial statements used for consolidation purposes have been adjusted to comply with the IFRS used by the group.

EQUITY METHOD

Investments in joint ventures, associates and immaterial subsidiaries that are not consolidated are measured using the equity method, whereby the investments are initially recognised at cost, allocating this cost to the investee's assets and liabilities, similarly to the treatment for business combinations. This allocation is made provisionally at the date of initial recognition and may be adjusted retroactively within 12 months to reflect new information about events and circumstances existing at the date of initial recognition. The investments' carrying amount is subsequently adjusted to reflect: (i) the investor's share of the investee's profits or losses recognised after the acquisition date, adjusted for amortisation, depreciation and any impairment of the higher value allocated to the investee's assets; and (ii) the investor's share of the investee's other comprehensive income. Dividends distributed by the investee are offset against the investment's carrying amount. Consolidation adjustments are considered during application of the equity method.

Translation of foreign currency captions

Transactions in currencies other than the functional currency are translated using the transaction-date spot rate. Foreign currency monetary assets and liabilities are subsequently retranslated using the closing rate. Non-monetary foreign currency assets and liabilities, recognised at historical cost, are translated into the functional currency using the transaction-date exchange rate. Non-monetary foreign currency assets and liabilities recognised at fair value are translated using the exchange rate ruling on the fair value measurement date. Any exchange differences are recognised in profit or loss.

Translation of foreign currency financial statements

Income and expense, assets and liabilities are stated in Euros in the consolidated financial statements, as this is the parent's presentation currency.

The financial statements of consolidated companies prepared in currencies other than the Euro are translated into the presentation currency using the closing rate for assets and liabilities, including goodwill and consolidation adjustments, and the average annual rate for statement of profit or loss captions as long as this rate is similar to the rates ruling on the related transaction dates.

Exchange differences are recognised directly in equity in a dedicated reserve which is released to

profit or loss when the equity investment is wholly or partly sold.

The financial statements of consolidated companies operating in a hyperinflationary economy are translated into the group's presentation currency (i.e., the Euro) using the closing rate for assets, liabilities, equity, income and expense. However, the comparative figures presented in the previous year financial statements are not restated to reflect subsequent changes in prices or exchange rates.

2.3 JUDGEMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

Directors make judgements, estimates and assumptions in preparing the consolidated financial statements which affect the carrying amount of revenue, costs, assets and liabilities, as well as disclosures about contingent liabilities at the reporting date. Actual results may differ from these estimates. Estimates are used to determine:

Recoverable amount of non-current assets

Non-current assets include intangible assets with a finite useful life (principally licences and concessions for wind farm authorisations and management) and property, plant and equipment (mainly plant and equipment in use at the group's wind farms or being constructed therefor). Management regularly revisits the carrying amount of non-current assets held and used, whenever there are trigger events. This exercise is based on the assets' estimated useful life and present value of future cash flows, discounted using appropriate rates. This requires the use of hypothetical assumptions about future events and directors' actions that may not necessarily occur as expected.

Deferred tax assets

Deferred tax assets are recognised for all temporary differences and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be used. This requires a high level of directors' judgement to determine the recognisable amount of deferred tax assets. They should estimate the probable timing and amount of the group's future taxable profits and decide the related tax planning strategy. Reference should be made to note 33 for additional details.

Employee benefits – Italian post-employment benefits

The obligation for the Italian post-employment benefits (TFR) is determined on an actuarial basis.

Actuarial valuations require making assumptions about discount rates, future salary increases and turnover and mortality rates. Due to the long-term nature of these plans, the related estimates are permeated by a high level of uncertainty. The group's net liability for post-employment benefits at the reporting date amounts to €1,180 thousand compared to €631 thousand at 31 December 2021. Reference should be made to note 20 for additional details.

Depreciation and amortisation

In 2019, the group revised the estimated useful life of its wind turbines, decreasing their depreciation rate from 5% to 4% as of 1 January 2019.

The change is due to management experience gained over the years of using the assets, current obsolescence estimates and their expected income generating capacity.

The new rate is supported by the report of a leading advisory firm specialised in the energy, real estate and infrastructure segments, which checked the current condition of all the group's plants after they underwent maintenance.

Right-of-use assets and lease liabilities

Measuring right-of-use assets and lease liabilities under IFRS 16 involves the use of judgement, which entails the definition of certain accounting policies and the use of assumptions and estimates, mainly in relation to the determination of the lease term and the incremental borrowing rate. The main relevant assumptions and estimates are summarised in note 2.5 "AMENDMENTS AND NEW STANDARDS AND INTERPRETATIONS".

Other estimates

Estimates are also used to measure impairment losses for credit risk, accruals to provisions for risks and charges, impairment losses on assets, fair values of derivatives and intangible assets as part of business combinations recognised under IFRS 3.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are immediately recognised in profit or loss.

2.4 KEY ACCOUNTING POLICIES

This section summarises the group's key accounting policies.

STATEMENT OF FINANCIAL POSITION

Goodwill

Goodwill and other intangible assets with an indefinite useful life are not amortised but regularly tested for impairment, by checking their recoverable amount based on the relevant cash-generating unit's (CGU) expected cash flows. Impairment testing, which is defined by the IFRS, also considers the investment risk. Should the present value of the expected cash flows not allow for the recovery of the initial investment, the asset is impaired accordingly.

Business combinations

As of 1 January 2010

The group accounts for business combinations using the acquisition method. The acquisition cost is measured as the aggregate of the acquisition-date fair value of the consideration transferred and the amount of any non-controlling interests in the acquiree. For each business combination, the group measures any non-controlling interests in the acquiree at fair value or in proportion to the non-controlling interests in the acquiree's identifiable net assets. Transaction costs are recognised in profit or loss under administrative costs.

When the group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed in accordance with the contractual, financial and other relevant conditions existing at the acquisition date. This includes establishing whether an embedded derivative should be separated from the host contract. In a business combination achieved in stages, the group remeasures its previously held equity-accounted interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in profit or loss.

The group measures any contingent consideration at its acquisition-date fair value. The change in fair value of contingent consideration classified as an asset or a liability is recognised in profit or loss or other comprehensive income in accordance with IFRS 9. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially recognised as the excess of the aggregate of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net identifiable assets acquired and the liabilities assumed by the group. Should the latter exceed the consideration transferred, the group recognises a gain from a bargain purchase in profit or loss.

After initial recognition, goodwill is reduced by any accumulated impairment losses. To this end, at the acquisition date, the goodwill arising from a business combination is allocated to each CGU that is expected to benefit from the business combination, regardless of whether other assets or liabilities of the acquiree have been allocated thereto.

If the group decides to discontinue part of a CGU to which goodwill has been allocated, the portion of goodwill associated therewith is included in the carrying amount of the asset held for sale when determining the profit or loss from discontinued operations. Such goodwill is measured by reference to the asset classified as held for sale and the CGU's portion retained by the group.

Before 1 January 2010

Business combinations were recognised using the purchase method. Directly attributable transaction costs were considered as being part of the purchase cost. Non-controlling interests were measured on the basis of the relevant portion of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for separately. Each new acquisition of interests in the acquiree did not affect the goodwill previously recognised.

When the group acquired a business, embedded derivatives separated from the host contract by the acquiree were not restated at the acquisition date unless the business combination resulted in a change in the terms of the contract that substantially altered the cash flows that would have been otherwise provided for in the contract.

Contingent consideration was recognised if, and only if, the group had a present obligation and the cash outflow was probable and could be reliably estimated. Any subsequent changes in contingent consideration were recognised as part of the related goodwill.

Intangible assets with a finite useful life

In accordance with IAS 38, the group recognises the costs, including directly-attributable costs, incurred to acquire assets or resources without physical substance to be used in the production of goods or provision of services, leased to third parties or used for administrative purposes as intangible assets, provided that such costs can be measured reliably and the asset is clearly

identifiable and controlled by the group. Goodwill acquired against consideration is also recognised.

Separately acquired intangible assets are recognised at cost and subsequent expenditure is recognised as an increase in the carrying amount of the asset to the extent it generates future economic benefits. Intangible assets acquired as part of a business combination are recognised at their acquisition-date fair value.

Intangible assets with a finite useful life are systematically amortised on a straight-line basis over their useful life. Their carrying amount is tested for impairment annually, or more frequently should there be an indication of impairment.

Research expenditure is recognised in profit or loss as incurred. Development costs incurred in relation to a specific project are capitalised if they are reliably measurable and their future recovery is reasonably certain. After initial recognition, they are measured at cost, possibly decreased by amortisation or impairment losses. Capitalised development costs are amortised over their useful life based on the timeframe during which the expected future cash flows of the underlying project will flow to the group.

The carrying amount of development costs is tested for impairment annually or more frequently, should there be an indication of impairment.

Amortisation is charged on a straight-line basis over the asset's estimated useful life as follows:

	<i>Rate</i>	
Licences and concessions	from 3%	to 4%
Development costs	from 4%	to 5%
Patents and intellectual property rights	from 10%	to 20%
Other intangible assets		20%

Property, plant and equipment

Property, plant and equipment are recognised at historical cost and systematically depreciated over their useful life, except for land and assets held for sale, which are not depreciated but are impaired, should their fair value decrease to below their carrying amount.

Straight-line depreciation is carried out using rates held to reflect the assets' estimated useful life. Such rates are applied pro rata to assets purchased during the year, to account for their actual period of use.

In 2019, the group increased the useful life of its wind turbines from 20 years to 25 years, effective from 1 January 2019 (see note 2.3 "JUDGEMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES").

Subsequent expenditure is recognised as an increase in the carrying amount of the related assets only if it results in an actual improvement in the asset's value.

Day-to-day servicing costs are recognised in profit or loss as incurred. Non-routine maintenance costs are recognised as an increase in the carrying amount of the related assets if they significantly increase their productivity or useful life, in which case they are depreciated over the assets' residual useful life.

The group has also capitalised borrowing costs related to project financing or other borrowings strictly related to assets under construction.

Assets held under finance leases are recognised in accordance with IFRS 16, which requires their recognition as items of property, plant and equipment at cost and that they be depreciated accordingly.

Future lease payments are recognised as lease liabilities, whereas interest expense relating to the year is recognised in profit or loss under financial expense.

The accounting treatment of right-of-use assets in the consolidated financial statements is in line with the requirements of IFRS 16 (see note 2.5. "AMENDMENTS AND NEW STANDARDS AND INTERPRETATIONS").

Depreciation of property, plant and equipment is charged on a straight-line basis over their estimated useful life as follows:

	<i>Rate</i>
Land and buildings	from 1% to 3%
Plant and equipment	from 2% to 20%
Other assets	from 12% to 25%

Right-of-use assets are depreciated over the lease term, which is equal to the non-cancellable period of a lease, together with periods covered by an option to extend or terminate the lease if the lessee is reasonably certain to exercise, or not to exercise, respectively, that option, or over their useful life, if shorter. Under IFRS 16.32, if the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a

purchase option, the lessee shall depreciate the right-of-use asset over the useful life of the underlying asset.

Land is not depreciated.

The cost comprises an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, if this in accordance with the requirements of IAS 37.

Equity-accounted investments

Investments in joint ventures and associates are measured using the equity method.

Under such method, investments in joint ventures or associates are recognised at cost, and the carrying amount is increased or decreased to recognise the group's share of changes in the investees' net assets after the date of acquisition. Goodwill relating to an investee is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.

The group's share of profit or loss resulting from this method is recognised in profit or loss under "Share of profits (losses) of equity-accounted investees".

Other equity investments

These are classified as other financial assets and are treated using the accounting policies set out in the section on financial instruments.

Impairment of assets (impairment testing)

IAS 36 requires that property, plant and equipment and intangible assets be tested for impairment if there are indications that an impairment loss may have occurred. Goodwill and other intangible assets with an indefinite useful life or intangible assets not yet available for use are tested for impairment annually.

The recoverability of an asset is assessed by comparing its carrying amount to the higher of its fair value less costs to sell, if there is an active market, and its value in use.

Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit and to be received at the end of its useful life. Cash-generating units are identified in line with the group's organisational and business structure as a group of similar assets that generates independent cash inflows from continuing use of the related assets.

Impairment losses on assets used in operations are recognised in profit or loss and classified

consistently with the use of the assets generating them. At each reporting date, the group assesses whether there is any indication that an impairment loss recognised in previous years may have decreased. If any such indication exists, the group estimates the recoverable amount of that asset. An impairment loss recognised in prior years is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. After a reversal of an impairment loss is recognised, the depreciation/amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Financial instruments

The group applies IFRS 9 "Financial instruments". This standard provides for a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. In this respect, the group classifies financial assets based on the business model it uses for managing them to achieve its business objectives and the contractual cash flow characteristics of the financial asset. Specifically:

- the financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (hold to collect (HTC) model) are measured at amortised cost;
- the financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold to collect and sell (HTCS) model) are measured at fair value through other comprehensive income (FVOCI);
- the financial assets held within other business models are measured at fair value through profit or loss (FVTPL).

IFRS 9 has eliminated the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

Upon first-time adoption of the new standard, the group reclassified its financial assets at 1 January 2018 into the new categories, based on their business model and contractual cash flow characteristics.

It assessed the business models by mapping its financial assets based on how it manages them to achieve its objectives.

When classifying its financial assets into the new IFRS 9 categories, in addition to the business model, the group assessed the contractual cash flows ("SPPI assessment"). It considered whether each asset's contractual cash flow characteristics would allow for its measurement at amortised cost (HTC model) or at FVOCI (HTCS model).

At initial recognition, all financial assets are recognised at cost, which is their fair value plus transaction costs. The group decides how to classify its financial assets after their initial recognition and, where appropriate and permitted, it reclassifies them at each reporting date.

Impairment of financial assets

The group applies the expected credit loss impairment model provided for by IFRS 9 to its financial assets as follows:

- the expected credit losses are measured by multiplying the exposure by the counterparty's probability of default (over the related time horizon) and by a fixed loss given default (LGD) of 60%. To this end, the carrying amount of the exposures has been considered, without applying any discount rate (since it is measured using the same rate, the present value would have been the same);
- the counterparty's probability of default is calculated on the basis of the relevant CDS spread (the 6-month CDS spread has been used for transactions with a time horizon of up to six months) based on the following formula:

$$PD = 1 - e^{-spread \cdot 60\% \cdot durata}$$

- the time horizon of ECL of current accounts that do not have a fixed maturity has been defined as follows:

o demand current accounts: 1-month horizon (assuming that any counterparty's default issues would be identified within this timeframe and the related cash would be transferred to other institutions);

o project financing current accounts: identification of a "stable" component tied to the project (with the application of the 12-month ECL, if creditworthiness has not significantly deteriorated) and a residual "revolving" component (with an associated time horizon of 3 months).

Derivatives and hedge accounting

The group uses derivatives solely to hedge changes in interest rates of its financial transactions.

In accordance with IFRS 9, a derivative may be designated as a hedging instrument only if:

- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship;
- the hedging relationship is expected to be highly effective;
- the effectiveness can be reliably measured;
- the hedging relationship is highly effective during the various reporting periods for which it is designated.

All derivatives are measured at fair value. If they meet hedge accounting requirements, they are treated as follows:

fair value hedges - if a derivative is designated as a hedge of the fair value of an asset or a liability that may affect profit or loss, the fair value gain or loss arising from its subsequent remeasurement is recognised in profit or loss, as is that on the hedged item;

cash flow hedges - if a derivative is designated as a hedge of the cash flows of an asset or a liability or a highly probable future transaction that may affect profit or loss, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in equity. The cumulative gain or loss is reclassified from equity to profit or loss when the hedged transaction is recognised. The gain or loss associated with a hedging relationship, or a portion thereof, that has become ineffective is recognised in profit or loss when the ineffectiveness is identified.

If a derivative does not qualify for hedge accounting, its fair value gains or losses are immediately recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets

The group derecognises a financial asset (or, when applicable, a part of a financial asset or a part of a group of similar financial assets) when:

- the contractual rights to the cash flows from the financial asset expire;
- it retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to remit any cash flows it collects in its entirety to an unrelated third party without material delay;
- it has transferred the contractual rights to receive the cash flows of the financial asset and (a) it has transferred substantially all the risks and rewards of ownership of the financial asset or (b) it has neither transferred nor retained substantially all the risks and rewards of ownership of the financial assets, but it has not retained control thereof.

If the group has transferred the contractual rights to receive the cash flows of the financial asset and has neither transferred nor retained substantially all the risks and rewards of ownership of a transferred asset and retains control thereof, it continues to recognise the transferred asset to the extent of its continuing involvement. When its continuing involvement takes the form of guaranteeing the transferred asset, the group measures it as the lower of the asset's initial carrying amount and the maximum amount of the consideration received that the group could be required to repay.

When the group's continuing involvement takes the form of a written and/or purchased option (including those settled in cash or similar instruments) on the transferred asset, the extent of the group's continuing involvement is the amount of the transferred asset that it may repurchase. However, in the case of a written put option on an asset that is measured at fair value (including cash-settled options or similar provisions), the extent of the group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

The group removes a financial liability from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any difference in the carrying amount is recognised in profit or loss.

Trade receivables and other assets

Trade receivables, which are usually due in the short term, are recognised at the nominal amount shown in the invoice, net of any loss allowance determined using the expected credit loss impairment model provided for by IFRS 9. This is supplemented by any additional impairment losses recognised as a result of specific doubtful conditions on individual positions when they are identified

When, based on the payment terms, the trade receivable contains a financing component, it is measured at amortised cost by discounting its nominal amount and recognising interest income over the period it accrues.

Trade receivables denominated in a foreign currency are remeasured using the closing rate and any resulting exchange gain or loss is recognised in profit or loss in the same captions as those of the original transaction.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand bank and postal accounts and short-term investments in securities made as part of the group's treasury management, readily convertible and subject to an insignificant risk of changes in value. They are stated at their nominal amount.

Loans and borrowings

All loans and borrowings are initially recognised at fair value net of transaction costs.

After initial recognition, they are measured at amortised cost.

Any gain or loss on a financial liability is recognised in profit or loss when it is extinguished, in addition to through the amortisation process.

Government grants

The group recognises government grants if there is reasonable assurance it will comply with the conditions attaching to it, and that the grant will be

received. Grants related to income are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs which the grants are intended to compensate. If the grants are related to assets, the group recognises the asset and the grant at their nominal amount and systematically recognises the grant in profit or loss over the useful life of the related asset.

If the group receives a non-monetary grant, it recognises the related asset and the grant at fair value and subsequently systematically recognises them in profit or loss over the related asset's useful life. In the case of government loans or other form of similar assistance from governments and similar bodies bearing interest at below-market rates, the benefit of the below-market rate of interest is considered as an additional government grant.

Employee benefits

In accordance with IAS 19, the group measures its Italian post-employment benefits ("TFR") on an actuarial basis, taking into account a series of variables (mortality rate, future salary increase rate, inflation rate, etc.). The amendment to IAS 19 "Employee benefits" requires that any actuarial gains and losses be immediately recognised in other comprehensive income and that the statement of financial position present the entire amount of the group's net defined benefit obligation. The amendment also provides that changes for the year in the defined benefit obligation should be allocated to three components: current service costs, interest cost, which is calculated by applying an appropriate discount rate to the defined benefit liability's opening balance, and actuarial gains and losses, which arise from the remeasurement of the liabilities and are to be recognised in OCI.

Share-based payments

The group has an equity-settled share-based plan for its chief executive officer and key management personnel.

The most recent long-term incentive plans have both an equity and cash-settled component for their beneficiaries, namely the executive directors and/or key management personnel and/or employees and/or consultants who provide strategic services.

The shares are assigned free of charge to the beneficiaries who reach their performance objectives at the end of the vesting period.

The group approved a share buy-back programme to service the equity component of the above plans.

More information about the equity-settled incentive plans is available in the note on "Share-based payments".

The group recognises the services provided by the beneficiaries under personnel expenses and indirectly estimates their value (and the related increase in equity) using the fair value of the equity instruments at the grant date. This fair value is based on the observable price of the group's shares on the market, considering the terms and conditions at which they were assigned (except for the vesting conditions which are not included in the fair value measurement).

The cost of the equity-settled share-based incentive plan is recognised in profit or loss with a balancing entry in equity over the vesting period. This cost is adjusted at each reporting date until the vesting date to reflect the best estimate of the number of equity instruments that will be assigned (i.e., according to service and performance objectives other than market conditions), so that the cost recognised at the vesting date is based on the actual number of equity instruments that will be needed.

Provisions for risks and charges

Provisions for risks and charges are accrued when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the obligation can be estimated reliably.

If the group believes that some or all of the expenditure required to settle a provision will be reimbursed by another party (for example, through insurance contracts), the reimbursement is recognised as an asset when, and only when, it is virtually certain that it will be received. In this case, the expense relating to the provision is presented net of the amount recognised for the reimbursement.

Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase is recognised as a borrowing cost.

Provisions for risks and charges also include accruals to cover future costs to dismantle power plants at the end of their useful life and to restore land. They are recognised as an increase in the carrying amount of the related asset and are depreciated to the extent of the amount that

exceeds the expected proceeds from the sale of recycled materials.

Trade payables and other liabilities

Trade payables and other liabilities are measured at their nominal amount.

When, based on the payment terms, the trade payable contains a financing component, it is measured at amortised cost by discounting its nominal amount and recognising interest expense over the period it accrues.

Trade payables denominated in a foreign currency are remeasured using the closing rate and any resulting exchange gain or loss is recognised in profit or loss in the same caption as those of the original transaction.

Non-current assets held for sale and discontinued operations

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. The group classifies a non-current asset or a disposal group as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition. Management must be committed to a plan to sell the asset (or disposal group) and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and i) represents a separate major line of business or geographical area of operations; ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or iii) is a subsidiary acquired exclusively with a view to resale.

The post-tax profit or loss from discontinued operations of the current and prior year is presented in the statement of profit or loss separately from the profit or loss from continuing operations, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale. The resulting post-tax profit or loss is presented separately in the statement of comprehensive income.

While they are classified as held for sale, the group does not depreciate/amortise property, plant and equipment and intangible assets.

STATEMENT OF PROFIT OR LOSS

Revenue and income

Revenue is recognised in accordance with IFRS 15, which requires the following key steps:

- identifying the contract;
- identifying performance obligations;
- determining the transaction price;
- allocating the transaction price to performance obligations;
- recognising revenue when (at a point in time) or as (over time) the entity satisfies a performance obligation.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and its amount can be reliably measured. It is presented net of discounts, bonuses and returns. Before recognising revenue, the group always checks whether the following requirements are met:

- operating revenue (from the sale of energy), revenue from the sale of property and revenue from the provision of services are recognised when each performance obligation is satisfied, as required by IFRS 15, i.e., when the transfer of the promised goods or services has been completed and the customer has obtained control thereof. This may occur at a point in time or over time;
- dividends are recognised when the investor's right to their payment arise, which is when they are approved. Dividends from other companies operating in the group's market sector are classified under other operating revenue/costs, since the related equity investments are expected to be held for a long time. Dividends relating to equity investments held solely for financial investment purposes are classified as financial income;
- any gain or loss on the sale of equity investments is recognised when the sale is carried out and the risks and rewards of ownership have been transferred;
- the group's share of profits or losses from equity-accounted investments is recognised for each reporting period/year;
- fair value gains or losses on listed shares held for trading are based on the stock market price at the reporting date;

Revenue is measured at the fair value of the consideration receivable. If the time value of

money is material and the collection date can be reliably estimated, the related financing component is recognised as financial income or expense.

Revenue from the feed-in tariff scheme (formerly green certificates)

Revenue from the feed-in tariff scheme (formerly green certificates) accrued by the group's plants for sales to producers or importers of energy from non-renewable sources to traders, the Italian electricity market operator (GME), which acts as a clearing house, or the Italian energy services operator (GSE) is recognised when the certificate matures, which is when the electricity from renewable sources is produced.

Financial income and expense

Financial income and expense are recognised on an accruals basis using the effective interest rate.

Costs

Costs and other operating costs are recognised as incurred on an accruals basis and in relation to revenue when they do not generate future economic benefits or such benefits do not qualify for recognition as assets in the statement of financial position.

If, based on the payment terms, a financing component is identified, the consideration is discounted and the difference between the nominal amount and fair value is recognised as a borrowing cost.

Income taxes

Current taxes are calculated for each group company by estimating future taxable profit in accordance with enacted tax rates and regulations, considering any applicable exemptions and tax adjustments.

The group calculates **deferred taxes** using the liability method, based on the reporting-date temporary differences between the assets' and liabilities' tax bases and carrying amounts.

1. Deferred tax liabilities are recognised for all taxable temporary differences, except for:
 - those arising from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
 - those associated with equity-accounted investments, when the group is able to control the timing of the reversal of the temporary

difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2. Deferred tax assets are recognised for all deductible temporary differences and the carryforward of unused tax losses and tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses and credits can be utilised, taking also into account the group's domestic tax consolidation scheme, with the exceptions of the following deductible temporary differences:
- those arising from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
 - those associated with equity-accounted investments, in which case the group recognises a deferred tax asset to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. The group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reviewed annually at each reporting date and are recognised to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

For transactions and other events recognised directly in equity, any related tax effects are also recognised outside profit or loss (directly in equity). Deferred tax assets and liabilities are offset if the group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

IAS 12 provides that when an asset is revalued for tax purposes and that revaluation is related to an accounting revaluation of an earlier period, or to one that is expected to be carried out in a future period, the tax effects of both the asset revaluation and the adjustment of the tax base are recognised in other comprehensive income in the periods in which they occur. However, if the revaluation for tax purposes is not related to an accounting revaluation of an earlier period, or to one that is expected to be carried out in a future period, the tax effects of the adjustment of the tax base are recognised in profit or loss.

Value added tax

Revenue, costs and assets are recognised net of VAT, except when:

- the VAT applied to the purchase of goods or services is not deductible, in which case it is treated as being part of the purchase cost of an asset or part of the cost recognised in profit or loss;
- it relates to trade receivables and trade payables that are presented inclusive of VAT.

The net VAT amount to be recovered or settled is presented under trade receivables, if positive, or trade payables, if negative.

Fair value of financial instruments

The fair value of financial instruments listed on an active market is based on their quoted market prices at the reporting date. The fair value of financial instruments not listed on an active market is calculated using valuation techniques, models and assumptions based on the market conditions at the reporting date.

Earnings per share

Basic earnings per share are calculated by dividing the profit or loss for the year attributable to the owner of the parent by the weighted average number of shares outstanding during the year, net of the treasury shares repurchased by the parent during the year.

To calculate diluted earnings per share, the weighted average number of outstanding shares, net of the treasury shares repurchased by the parent during the year, is adjusted for the effects of all dilutive potential ordinary shares (stock options).

The profit or loss for the year is also adjusted for the post-tax effects of the assumed conversion.

2.5 AMENDMENTS AND NEW STANDARDS AND INTERPRETATIONS

STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF 1 JANUARY 2022

The group has applied the following standards, amendments and interpretations for the first time starting from 1 January 2022:

On 14 May 2020, the IASB published the following amendments:

- Reference to the Conceptual Framework (Amendments to IFRS 3): the amendments update an outdated reference in IFRS 3 to the revised Conceptual Framework, without changing its requirements.
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16): the amendments prohibit an entity from deducting the proceeds received from selling any items produced while bringing an item of property, plant and equipment into use. These proceeds and the related costs are recognised in profit or loss.
- Onerous contracts - Costs of fulfilling a contract (Amendments to IAS 37): the amendments clarify that when estimating whether a contract is onerous, an entity shall consider all the directly related costs. Therefore, its assessment not only considers the incremental costs of fulfilling the contract (such as, for example, the cost of direct materials used), but also all the costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Annual Improvements 2018-2020: amendments were made to IFRS 1 "First-time adoption of International Financial Reporting Standards", IFRS 9 "Financial instruments", IAS 41 "Agriculture" and the Illustrative Examples to IFRS 16 "Leases".

The adoption of these amendments has not affected the group's consolidated financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE

EUROPEAN UNION WHOSE APPLICATION IS NOT YET MANDATORY AND WHICH THE GROUP HAS NOT ADOPTED EARLY AT 31 DECEMBER 2022

- On 18 May 2017, the IASB published IFRS 17 "Insurance contracts" which is intended to replace IFRS 4 "Insurance contracts".

The objective of the new standard is to ensure that entities provide relevant information that faithfully represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to cover all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new standard also includes presentation and disclosure requirements to improve comparability among entities in this sector.

Under the new standard, an entity shall measure an insurance contract based on a general measurement model ("GMM") or a simplified approach (the premium allocation approach, "PAA").

The GMM's main features are:

- o future cash flows are presented using current estimates and assumptions;
- o measurement reflects the time value of money;
- o estimation techniques extensively based on observable market inputs;
- o a current and explicit risk measurement;
- o at initial recognition, the expected profit (contractual service margin, "CSM") is deferred and aggregated into groups of insurance contracts; and
- o the CSM is allocated over the coverage period, considering the adjustments arising from changes in cash flows assumptions for each group of contracts.

The PAA entails measuring the liability for the remaining coverage for a group of insurance contracts provided that, at initial recognition, the entity reasonably expects that such liability would not differ materially from the one that would be produced applying the GMM. Contracts with a coverage period of one year or less are automatically eligible for the PAA. The simplifications arising from the application of the PAA do not apply to the measurement of liabilities for incurred claims, which are measured using the GMM. However, the entity is not required to adjust future cash flows for the time value of money if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

An entity shall apply the new standard to insurance contracts, including reinsurance contracts, it issues, reinsurance contracts it holds and investment contracts with a discretionary participation feature (DPF) it issues.

This standard is applicable to annual periods beginning on or after 1 January 2023 but earlier application is allowed solely for those entities that apply IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers". The directors do not expect adoption of this standard will have a significant impact on the consolidated financial statements.

- On 9 December 2021, the IASB published "Initial application of IFRS 17 and IFRS 9 - Comparative information (Amendment to IFRS 17)". This amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities avoid temporary accounting mismatches between financial assets and insurance contract liabilities to therefore improve the usefulness of comparative information for users of financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023. The directors do not expect adoption of this amendment will have a significant impact on the consolidated financial statements.

- On 12 February 2021, the IASB published two amendments, "Disclosure of accounting policies - Amendments to IAS 1 and IFRS 2 Practice Statement 2" and "Definition of accounting estimates - Amendments to IAS 8". The amendments are aimed at improving the disclosure on accounting policies to provide investors and primary users of financial statements with more useful information and to assist entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The directors do not expect adoption of these amendments will have a significant impact on the consolidated financial statements.

- On 7 May 2021, the IASB published "Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS

12)". It clarifies the accounting treatment of deferred tax on certain transactions that can generate assets and liabilities of the same amount, such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted. The directors do not expect adoption of these amendments will have a significant impact on the consolidated financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

At the reporting date, the competent bodies of the European Union have not yet completed the endorsement process for the adoption of the amendments and standards described below. The group will apply the standards and amendments at the application date and will assess their potential impact on the consolidated financial statements, when they have been endorsed by the European Union.

- On 23 January 2020, the IASB published "Classification of liabilities as current or non-current (Amendments to IAS 1)" and on 31 October 2022 it published "Non-current liabilities with covenants (Amendments to IAS 1)". The amendments clarify how to classify current and non-current liabilities. They become effective for annual periods beginning on or after 1 January 2024, with earlier application permitted. The directors are assessing the effects of their application on the consolidated financial statements.

- On 22 September 2022, the IASB published "Lease liability in a sale and leaseback (Amendments to IFRS 16)". The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions so as not to recognise a gain or loss on the right of use retained. They become effective for annual periods beginning on or after 1 January 2024, with earlier application permitted. The directors do not expect adoption of these amendments will have a significant impact on the consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT

Management of financial risks is an integral part of the group's management of its operations. It is carried out centrally by the parent, which defines the risk categories and the operating procedures and limits for each type of transaction and/or instrument.

All financial instruments measured at fair value are classified at level 2 as they are priced using the mark-to-model using observable market inputs.

The breakdown of the financial assets and liabilities required by IFRS 7 into the categories set out in IFRS 9 is set out below:

31 December 2022 (€'000)	Note	Fair value	HTC	HTCS	Other	Total
(A) - Financial assets						
Current financial assets:						
Cash and cash equivalents	16	0	0	0	226,609	226,609
Loans and other current financial assets	15	0	1,081	62,817	9,987	73,885
Derivatives	19	2,164	0	0	0	2,164
Trade receivables	12	0	27,405	0	0	27,405
Non-current financial assets:						
Loans and other non-current financial assets	9	0	8,005	0	0	8,005
Derivatives	19	9,643	0	0	0	9,643

31 December 2022 (€'000)	Note	Held for trading	Fair value	Amortised cost	Total
(B) - Financial liabilities					
Current financial liabilities:					
Bank loans and borrowings	23	0	0	(34,075)	(34,075)
Operating lease liabilities	23	0	0	(1,144)	(1,144)
Accrued interest on bonds issued	23	0	0	(3,124)	(3,124)
Loans from non-controlling investors	23	0	0	(255)	(255)
Trade payables	24	0	0	(45,571)	(45,571)
Non-current financial liabilities:					
Bank loans and borrowings	18	0	0	(127,736)	(127,736)
Operating lease liabilities	18	0	0	(15,978)	(15,978)
Bonds issued	18	0	0	(495,426)	(495,426)
Loans from non-controlling investors	18	0	0	(10,386)	(10,386)

31 December 2021 (€'000)	Note	Fair value	HTC	HTCS	Other	Total
(A) - Financial assets						
Current financial assets:						
Cash and cash equivalents	16	0	0	0	123,652	123,652
Loans and other current financial assets	15	0	457	0	0	457
Trade receivables	12	0	38,263	0	0	38,263
Non-current financial assets:						
Loans and other non-current financial assets	9	0	7,176	0	0	7,176

31 December 2021 (€'000)	Note	Held for trading	Fair value	Amortised cost	Total
(B) - Financial liabilities					
Current financial liabilities:					
Bank loans and borrowings	23	0	0	(44,993)	(44,993)
Operating lease liabilities	23	0	0	(1,214)	(1,214)
Finance lease liabilities	23	0	0	(5,307)	(5,307)
Accrued interest on bonds issued	23	0	0	(938)	(938)
Loans from non-controlling investors	23	0	0	(257)	(257)
Derivatives	19	0	(16,902)	0	(16,902)
Trade payables	24	0	0	(14,175)	(14,175)
Non-current financial liabilities:					
Bank loans and borrowings	18	0	0	(106,920)	(106,920)
Operating lease liabilities	18	0	0	(19,827)	(19,827)
Finance lease liabilities	18	0	0	(19,171)	(19,171)
Bonds issued	18	0	0	(395,901)	(395,901)
Loans from non-controlling investors	18	0	0	(12,167)	(12,167)
Derivatives	19	0	(3,041)	0	(3,041)

Fair value and calculation models

A breakdown of the fair values of the categories of financial instruments by calculation model used to measure them is provided below:

31 December 2022 (€'000)	Carrying amount		Fair value	
	Current	Non-current	Cost	Discounted cash flows
(A) - Financial assets				
Loans and other current financial assets	73,885	0	11,068	62,817
Derivatives	2,164	9,643	0	11,807
TOTAL ASSETS	76,049	9,643	11,068	74,624

31 December 2022 (€'000)	Carrying amount		Fair value
	Current	Non-current	Discounted cash flows
(B) - Financial liabilities			
Bank loans and borrowings	0	(34,075)	(127,736)
Bonds issued	0	(3,124)	(495,426)
TOTAL LIABILITIES	0	(37,199)	(623,162)

31 December 2021 (€'000)	Carrying amount		Fair value
	Current	Non-current	Discounted cash flows
(B) - Financial liabilities			
Bank loans and borrowings	(44,993)	(106,920)	(189,191)
Bonds issued	(938)	(395,901)	(394,684)
Derivatives	(16,902)	(3,041)	(19,943)
TOTAL LIABILITIES	(62,833)	(505,862)	(603,818)

The fair value of equity investments recognised at cost has not been calculated since these financial instruments do not have a market price listed on an active market, in accordance with IFRS 7.

The group measured the fair value of financial liabilities and interest rate swaps using the forward curve for future cash flows and a riskless discount curve + spread derived from the Euribor - swaps spot curve at 31 December 2022 and 31 December 2021. The group applied the discounted cash flow model to calculate the outstanding portion of financial liabilities at the reporting date.

Hedged risks

The group is exposed to the risks specified below in relation to its financial instrument transactions. The board of directors assesses each transaction involving a material amount in advance, regularly checks the group's risk exposure and defines the market risk management policies. The parent operates directly on the market, supervising and coordinating the group companies' financial risks. It focuses on financial counterparties with a high credit standing, while ensuring that concentration of exposure to these counterparties is limited.

Credit risk

The group's financial assets mainly comprise trade receivables arising from the supply of electricity and possibly the sale of equity investments.

Factoring is usually only carried out with well-known and reliable counterparties. The balance of trade receivables is monitored during the year to limit the impact of credit losses. Moreover, these receivables are usually secured by collateral and, in the case of counterparty's default, the maximum risk is equal to the carrying amount of the related asset.

The group's exposure to credit risk is increasingly associated with the sale of electricity. Due to the nature of the market, exposure is strongly concentrated with a few commercial counterparties of high credit standing, whose positions are periodically monitored for compliance with payment terms.

The following table breaks down trade receivables only, since none of the other financial assets are past due or have been impaired at the reporting date:

31 December 2022 (€'000)							
(€'000)	Carrying amount	Gross past-due amount				Total past due	Individual impairment losses
		within 4 months	from 5 to 8 months	from 9 to 12 months	more than one year		
Third parties	27,186	0	0	0	273	273	(273)
Subsidiaries	219	0	0	0	0	0	0
Trade receivables	27,405	0	0	0	273	273	(273)

31 December 2021 (€'000)							
(€'000)	Carrying amount	Gross past-due amount				Total past due	Individual impairment losses
		within 4 months	from 5 to 8 months	from 9 to 12 months	more than one year		
Third parties	38,148	0	0	0	526	526	(526)
Subsidiaries	115	0	0	0	0	0	0
Trade receivables	38,263	0	0	0	526	526	(526)

Liquidity risk

Liquidity risk is the risk that the group may encounter difficulties in finding the financial resources necessary to meet its contractual obligations at market conditions.

It may arise as a result of a lack of available resources to meet financial obligations according to the established terms and deadlines in the event of a sudden withdrawal of non-revolving credit lines or if the group is required to settle its financial liabilities before their natural maturity.

On 17 May 2022, the parent placed a new six-year bond issue, the 2022-2028 bonds, with a total nominal amount of €100 million and an annual nominal fixed coupon of 3.5%. The issue is partly to be used for future investments and supplements those placed i) on 19 December 2019 (the 2019-2025 bonds with a total nominal amount of €200 million, a six-year maturity and an annual nominal fixed coupon of 3.125%); and ii) on 3 November 2021 (the 2021-2027 bonds with a total amount of €200 million, a six-year maturity and an annual nominal fixed coupon of 2.25%). The terms of use of these bonds meet the criteria set out in the parent's Green Bond Framework.

Moreover, the parent has sufficient liquidity and undrawn bank credit lines to meet temporary cash requirements.

The parent manages treasury activities on behalf of the group operating companies. It has agreed project financing facilities on their behalf in order for them to cover the financial requirements of their investment projects in the renewable energy production sector, especially the wind sector. It has also agreed short-term credit lines with leading banks. Furthermore, the parent may grant loans to its investees to support their development plans, in line with its portfolio investment return objectives. These loans are subordinated to the repayment of any non-current bank loans granted under project financing agreements.

Liquidity risk of individual investment projects is managed by maintaining an adequate level of cash and/or short-term securities that can be readily converted to cash, as well as short-term credit lines. The group also has sufficient undrawn bank credit lines to meet temporary cash requirements, make approved investments and cover the potential risk of the group being required to repay non-revolving credit lines, through its centralised treasury management.

The maturity analysis set out below presents estimated future cash flows based on the earliest period in which the group can be required to pay. The underlying assumptions are as follows:

- cash flows are not discounted;
- cash flows are allocated to time bands on the basis of the earliest contractual maturity (worst case scenario);
- all instruments held at the reporting date for which payments have already been contractually designated are included; future commitments planned but not yet recognised in the consolidated financial statements are not included;
- when the amount payable is not fixed (e.g., interest), the cash flows are determined by reference to the conditions existing at the reporting date (forward rates);
- cash flows include both principal and interest accruing up to the maturity of the financial liabilities recognised at the reporting date;

- the cash flows of interest rate derivatives are determined by assuming the related differentials between the fixed and the variable legs; the latter is estimated on the basis of forward rates at the reporting date.

2022 liquidity analysis (€'000)											
Note	Carrying amount	on demand	within 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	after 5 years	Total cash flows	
18 23	Bank loans and borrowings	(161,811)	0	(15,950)	(13,275)	(19,537)	(19,077)	(16,555)	(16,941)	(116,745)	(218,080)
18 23	Operating lease liabilities	(17,122)	0	0	(1,144)	(1,144)	(1,144)	(1,144)	(1,144)	(18,304)	(24,024)
18 23	Bonds issued	(498,550)	0	(3,500)	(10,750)	(14,250)	(214,250)	(8,000)	(208,000)	(103,500)	(562,250)
18 23	Loans from non-controlling investors	(10,641)	0	0	0	0	0	0	(10,641)	0	(10,641)
24	Trade payables	(45,571)	0	(45,571)	0	0	0	0	0	0	(45,571)
	Total	(733,695)	0	(65,021)	(25,169)	(34,931)	(234,471)	(25,699)	(236,726)	(238,549)	(860,566)

2021 liquidity analysis (€'000)											
Note	Carrying amount	on demand	within 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	after 5 years	Total cash flows	
18 23	Bank loans and borrowings	(139,838)	0	(19,987)	(10,706)	(29,683)	(20,445)	(13,433)	(10,856)	(67,711)	(172,821)
18 23	Operating lease liabilities	(21,041)	0	0	(1,214)	(1,214)	(1,214)	(1,214)	(1,214)	(20,638)	(26,708)
18 23	Finance lease liabilities	(24,478)	0	(2,845)	(2,845)	(5,634)	(14,718)	0	0	0	(26,041)
18 23	Bonds issued	(396,839)	0	0	(10,750)	(10,750)	(10,750)	(210,750)	(4,500)	(204,500)	(452,000)
18 23	Loans from non-controlling investors	(12,424)	0	0	0	0	0	0	0	(12,424)	(12,424)
19	Derivatives	(19,943)	0	(16,332)	(570)	(946)	(834)	(712)	(587)	(1,808)	(21,789)
23	Bank overdraft facilities	(12,075)	(12,075)	0	0	0	0	0	0	0	(12,075)
24	Trade payables	(14,175)	0	(14,175)	0	0	0	0	0	0	(14,175)
	Total	(640,813)	(12,075)	(53,339)	(26,085)	(48,227)	(47,961)	(226,109)	(17,157)	(307,081)	(738,033)

At 31 December 2022, as a result of the bond issue, approximately 10.5% of the cash outflows required to settle the group's financial liabilities will occur within one year, in line with the prior year end when the percentage of cash outflows was equal to roughly 12.4% of the total cash flows. The group, therefore, deems that this risk does not have a significant impact on its financial position and financial performance.

Interest rate risk

The group is primarily exposed to the risk of fluctuations in interest rates. This arises from its financial liabilities bearing variable interest rates (project financing), which expose the group to variable cash flows linked to the volatility of the Euribor curve.

This risk is managed in order to limit variations in borrowing costs that affect profit or loss, by containing the risk of a potential increase in interest rates. To this end, the group enters into interest rate swaps with third parties, intended to establish or limit changes in cash flows due to market variations in the interest rates applied to the group's non-current loans and borrowings. The use of these instruments is governed by established practices which are in line with the group's risk management strategies.

The group applies hedge accounting when it signs the derivative agreement up to its extinguishment or termination, formally documenting the hedging relationship, the hedged risk and hedging objective. It also assesses the hedging instrument's effectiveness on a regular basis.

Specifically, it applies the requirements for cash flow hedges provided for by IFRS 9. As described in the "Accounting policies" section, the standard requires that the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge be recognised in equity (hedging reserve), offsetting the interest income or expense on the hedged item recognised in profit or loss.

If a group company has entered into hedging derivatives before being acquired by the group, those derivatives are recognised at the acquisition-date fair value, as required by IFRS 3, and the effective portion of the fair value gain or loss to be recognised in equity is measured by deducting the subsequent fair value gain or loss from the acquisition-date fair value (designation).

If a hedging derivative is modified (as a result of changes in the future plans provided for the underlying liability or in the group's hedging objectives), the amount that has been accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. The new (modified) transaction generates the recognition of a new reserve, which is measured by deducting the subsequent fair value gain or loss on the derivative's fair value at the modification date.

The fair value of interest rate swaps is measured by discounting cash flows, estimated on the basis of the differential between the contractually established fixed and variable rates. The aim of the effectiveness assessment is to demonstrate the close link between the technical and financial characteristics of the hedged item (maturity, amount, etc.) and those of the hedging instrument by carrying out appropriate retrospective and prospective tests, using the dollar offset and curve shift methods, respectively.

Specifically, these tests are carried out by identifying a hedging derivative which replicates the use and repayment plan of the hedged liability, in relation to both actual and future uses,

provided that it is highly probable (updating the figures at each reporting date on the basis of new information available), and bears, with reference to the same maturities, a fixed rate in line with the market rates applicable to the group at the designation date.

Hedge accounting is discontinued when the hedging instrument matures, is terminated or the qualifying criteria are no longer met. From that date, the portion for the year of the gain or loss on the hedging instrument accumulated in equity is reclassified to profit or loss, while the remainder will be reclassified as the cash flows of the hedged items affect profit or loss, or they are immediately reclassified to profit or loss if the cash flows of the hedged item are no longer highly probable.

Fair value gains or losses on derivatives that do not qualify for hedge accounting are immediately recognised in profit or loss. All the group's derivatives at 31 December 2022 are classified as hedging instruments, although they sometimes generate ineffective portions for the reasons described above (IFRS 3, modifications, smaller use, etc.). The group does not enter into derivatives for trading purposes.

At 31 December 2022, the group's exposure to interest rate risk, mainly arising from bank loans and borrowings and relating to the volatility of the Euribor curve, is limited as a result of the 2022, 2019 and 2021 bond issues at a fixed rate of 3.5%, 3.125% and 2.25%, respectively, which are not affected by interest rate volatility.

Commodity price risk

The group is principally exposed to electricity selling price volatility risk, i.e., the risk that changes in this commodity's sales price will affect its future revenue.

Its general risk management strategy for energy risks is to contain the effect of volatility caused by market price changes on its profit margins and the stability of its cash flows arising on the sale of electricity generated by its renewable power plants.

The group negotiates commodity swaps to mitigate price risk for a specific component of the specific risk embedded in the selling prices of electricity. Its related risk management objective is to protect the value of its future sales of electricity from unfavourable fluctuations in the risk component embedded in the sales price agreed with its customers.

The purpose of the hedging relationships designated as such by the group is to peg the hedged risk component tied to future highly probable electricity sales to set market levels by agreeing commodity swaps.

Specifically, it solely hedges the risk component tied to variations in the benchmark price for the domestic electricity wholesale market (national single price, "PUN"), which is the main source of fluctuations in the selling prices of the electricity generated by the group, compared to the average prices of the areas where its power plants are located (area prices).

These commodity swaps provide for the monthly exchange of a spread between a fixed and variable price indexed to the average benchmark price (the PUN) of the reference month, applied to a specific monthly volume of electricity (notional amount).

The individual derivatives traded by the group are designated as hedging instruments and included in the accounting measurement of the hedging relationship's effectiveness in hedging the entire change in fair value generated thereby.

If a hedging derivative is modified (as a result of changes in the future plans provided for the underlying liability or in the group's hedging objectives), the amount that has been accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. The new (modified) transaction generates the recognition of a new reserve, which is measured by deducting the subsequent fair value gain or loss on the derivative's fair value at the modification date.

The commodity swap's fair value is obtained by discounting the cash flows, calculated as the spread between the fixed and variable prices indexed to the average benchmark price (the PUN) of the reference month, applied to a set monthly volume of electricity (notional amount).

Measurement of the hedge effectiveness is designed to show the high economic correlation between the technical and financial characteristics of the hedged liabilities and those of the hedging instrument (i.e., quantity, due date, price benchmark) and is measured prospectively on a qualitative basis at each designation date over the hedging horizon.

During the procedure to designate a hedging relationship, the group checks that a total volume of hedging instruments in excess of the expected sales volumes based on the forecast generation by the group's production assets is not designated and that the effectiveness requirements provided for by IFRS 9 are met and specifically:

- existence of an economic relationship between the hedging instrument and the hedged item: the relevant contractual terms (quantity, deadline and benchmark price) of the designated hedging derivatives are substantially aligned with those of the hedged future sales;
- the effects of credit risk do not dominate the changes in the underlying fair value: the group currently negotiates hedging derivatives with a major player in the energy market and with timelines of not more than one year; therefore, the effects of credit risk can reasonably be assumed not to dominate the changes in fair value hedged by the hedging relationships designated as such;
- the hedge ratio subject to hedge accounting designation is in line with that considered for risk management: the current risk management practices include a steady hedge ratio of 1:1, given the lack of valuations based on statistical regression factors.

Once a quarter, the group monitors the effective energy volumes generated and sold and checks they comply with the previously hedged volumes designated as hedges to provide a qualitative demonstration of the prospective effectiveness of the designated hedging relationship and the reliability of the purchase forecasts being hedged.

Sensitivity analysis

When preparing the consolidated financial statements, the group carried out a sensitivity analysis of its financial instruments exposed to interest rate risk. At 31 December 2022, short and medium-term interest rates, at three months and six months respectively, were negative at

below zero bps. Therefore, the group considered it appropriate to use an asymmetric sensitivity analysis using a change in interest rates of +100/-25 bps to reflect the current market conditions.

The underlying assumptions are as follows:

- interest on current account and borrowings and loans from non-controlling investors is recalculated by applying a change of +100/-25 bps multiplied by the carrying amounts and for an interval equal to the year;
- interest on loans and borrowings with repayment plans is recalculated by applying a change of +100/-25 bps to the financial liability's interest rate at each re-fixing date, multiplied by the residual principal of the year;
- the change in the fair value of interest rate swaps at the reporting date is calculated by applying a change of +100/-25 bps to the Euribor-swap curve at the date of preparation of the consolidated financial statements. The ineffective portion of cash flow hedges is calculated on the basis of ineffectiveness identified at the reporting date. Settlement of the differentials of the derivative at each date of calculation of the underlying interest rate was also considered.

31 December 2022 (€'000)	Profit or loss		Equity	
	+ 100bp Euribor	- 25bp Euribor	+ 100bp Euribor	- 25bp Euribor
Bank loans and borrowings	(1,618)	405	0	0
Bonds issued	(4,986)	1,246	0	0
Loans from non-controlling investors	(106)	27	0	0
IRS	118	(30)	4,096	(1,091)
Bank current account deposits	2,266	(567)		0
Total	(4,326)	1,081	4,096	(1,091)

31 December 2021 (€'000)	Profit or loss		Equity	
	+ 100bp Euribor	- 25bp Euribor	+ 100bp Euribor	- 25bp Euribor
Bank loans and borrowings	(1,398)	350	0	0
Bonds issued	(3,968)	992	0	0
Loans from non-controlling investors	(124)	31	0	0
IRS	(32)	8	3,632	(938)
Bank current account deposits	1,237	(309)	0	0
Bank current account facilities	(121)	30	0	0
Total	(4,406)	1,102	3,632	(938)

Derivatives: cash flow hedges

As mentioned in the interest rate risk and commodity price risk sections, the group enters into:

- interest rate swaps to hedge interest rate risk on bank loans and borrowings, thereby converting most of these financial liabilities' interest rates from variable to fixed:
- commodity swaps to hedge the risk of electricity selling price volatility, with the monthly swap of a spread between a fixed and variable price indexed to the average benchmark price (PUN) of the reference month, applied to a specific monthly volume of electricity (notional amount).

At 31 December 2022, the group's derivatives qualifying for hedge accounting are as follows:

Counterparty (*) 31 December 2022 (€'000)	Notional	Fair value at 31 December 2022		Inception date	Effective date	Termination date	Fixed rate	Variable rate
Interest rate swaps								
Banco BPM (Fucini)	3,850	538		18 January 2022	30 June 2022	30 June 2022	0.47%	6M Euribor
Banco BPM (Anemos Wind)	10,378	520		12 May 2022	30 June 2022	31 December 2028	1.39%	6M Euribor
Unicredit (Green Energy Sardegna)	17,699	1,955		30 October 2018	31 December 18	29 June 2035	1.23%	6M Euribor
Banco BPM (Campidano)	2,987	72		15 November 2019	19 November 2019	31 December 2023	-0.17%	6M Euribor
Banco BPM (Campidano) #2	2,241	53		17 January 2020	31 December 2019	31 December 2023	-0.16%	6M Euribor
Unicredit (Enermac)	34,050	2,953		16 May 2022	30 June 2022	31 December 2039	1.93%	6M Euribor
Unicredit (Naonis Wind)	6,975	629		20 May 2022	30 June 2022	30 December 2039	1.90%	6M Euribor
Unicredit (Eolica PM)	29,907	3,521		21 December 2018	21 December 2018	29 June 2035	1.11%	6M Euribor
Sabadell (Comiolica)	0	0		26 June 2019	26 June 2019	Settled	0.44%	6M Euribor
Unicredit (Grottolo)	2,430	31		24 November 2017	31 December 2019	30 June 2023	0.19%	6M Euribor
Unicredit (Fri-El Albareto)	12,196	1,535		15 February 2019	28 June 2019	29 June 2035	0.95%	6M Euribor
Interest rate swaps	122,713	11,807						
Counterparty (*) 31 December 2022 (€'000)	Notional (GWh)	Fair value at 31 December 2022		Inception date	Effective date	Termination date	Fixed price	Variable price
Commodity derivatives								
Unicredit (Alerion Clean Power)	0	0		3 August 2022	1 January 2023	Settled	457.00	National single price (PUN)
Unicredit (Alerion Clean Power)	0	0		3 August 2022	1 January 2023	Settled	460.00	National single price (PUN)
Commodity derivatives	0	0						
Derivatives relating to investments in consolidated companies		11,807						

Counterparty (*) 31 December 2022 (€'000)	Notional	Fair value at 31 December 2022	Inception date	Effective date	Termination date	Fixed rate	Variable rate
Interest rate swaps							
Unicredit (Andromeda)	3,088	111	21 June 2016	30 December 16	31 December 24	0.31%	6M Euribor
Unicredit (Guardionara)	1,813	55	6 July 2016	30 December 16	30 June 2024	0.12%	6M Euribor
B.I.I.S. (New Green Molise)	0	0	12 May 2010	31 December 10	Settled	3.50%	6M Euribor
Derivatives relating to equity-accounted investments							
	4,900	166					

(*) When the financing is granted by a bank syndicate, the "counterparty" is the agent bank.

The reporting-date fair value of the consolidated companies' interest rate swaps is an estimated €11,807 thousand (€4,183 thousand at 31 December 2021).

The reporting-date fair value of the consolidated companies' commodity swaps is zero (€15,760 thousand at 31 December 2021).

The group's post-tax hedging reserve amounts to a negative €15,231 thousand and a positive €15,143 thousand at 31 December 2021 and 2022, respectively.

	Hedging reserve at 31 December 2022	Hedging reserve at 31 December 2021	Change in hedging reserve	
			Differential settlement	Net fair value gain
Banco BPM (Fucini)	538	0	5	533
Banco BPM (Anemos Wind)	520	0	77	443
Banco BPM (Fri-El Campidano)	72	(17)	23	66
Banco BPM (Fri-El Campidano # 2)	54	(13)	23	44
Unicredit (Enermac)	2,953	0	292	2,661
Unicredit (Naonis Wind)	629	0	59	570
Unicredit (Green Energy Sardegna)	1,955	(1,357)	262	3,050
(*) Unicredit (Andromeda)	110	(48)	0	158
(*) Unicredit (Guardionara)	55	(20)	0	75
(*) B.I.I.S. (New Green Molise)	0	(874)	240	634
Unicredit (Eolica PM)	3,521	(2,013)	403	5,131
Sabadel (Comiolica)	0	(62)	(710)	772
Unicredit (Grottole)	36	(15)	29	22
Unicredit (Alerion Clean Power)	8,377	(15,760)	7,207	16,930
Unicredit (Fri-El Albareto)	1,535	(670)	144	2,061
Pre-tax hedging reserve	20,355	(20,849)	8,054	33,150
Deferred tax liabilities	(5,212)	5,618	(2,206)	(8,624)
Net hedging reserve	15,143	(15,231)	5,848	24,526

(*) Equity-accounted investments measured in accordance with IFRS 11

(**) Hedging reserve

The net hedging reserve shows a €30,374 thousand increase on the previous year end, positively impacting equity due to i) settlement of the IRS coupons that matured during the year; ii) the steep rise in the interest rate curve compared to the troughs of 2021; and iii) the fair value gains on the commodity swaps hedging electricity selling prices.

The pre-tax hedging reserve for commodity swaps amounts to €8,377 thousand at the reporting date and entirely relates to swaps entered into in 2022 for production of the first quarter of 2023. They were terminated in advance in December 2022 and the reserve continued to be recognised under equity, as per IFRS 9, to be subsequently released to profit or loss in the first three months of 2023, as the hedged electricity is produced.

Unhedged financial assets and liabilities

The group has not hedged the following types of financial instruments:

- financial liabilities, mostly consisting of the parent’s loans taken out from Bankinter and Mediocredito (€4,298 thousand);
- demand and short-term bank deposits (with a maximum maturity of three months), used to temporarily invest liquidity.

4. CONSOLIDATION SCOPE

The consolidation scope at 31 December 2022 is detailed below

	Registered office	Share/quota capital	Investment %		Indirect investor
			Direct	Indirect	
Consolidated subsidiaries					
Alerion Cleanpower S.p.A.	Milan, Via Renato Fucini 4	161,137			
Alerion Real Estate S.r.l. in liquidation	Milan, Via Renato Fucini 4	90	100.00		
Alerion Servizi Tecnici e Sviluppo S.r.l.	Milan, Via Renato Fucini 4	100	100.00		
Alerion Bioenergy S.r.l. in liquidation	Milan, Via Renato Fucini 4	10	100.00		
Fri-El Albareto S.r.l.	Bolzano, Piazza del Grano 3	10	100.00		
Eolica PM S.r.l.	Bolzano, Piazza del Grano 3	20	100.00		
Green Energy Sardegna S.r.l.	Bolzano, Piazza del Grano 3	10	100.00		
Alerion Spain S.L.	Barcelona - Carrer Car Ràbia 3-5, 4ª planta	100	51.00		
Alerion Teruel	Barcelona - Carrer Car Ràbia 3-5, 4ª planta	10		100.00	Alerion Spain S.L.
Comiolica	Zaragoza - Paseo de la Independencia 27, 5, 50001	2,500		100.00	Alerion Teruel S.L.
Alerion Iberia SL	Zaragoza - Paseo de la Independencia 27, 5, 50001	50	100.00		
Fri-El Ichnusa S.r.l.	Bolzano, Piazza del Grano 3	10	100.00		
Fri-El Campidano S.r.l.	Bolzano, Piazza del Grano 3	100		100	Fri-El Ichnusa S.r.l.
Fri-El Nulvi Holding S.r.l.	Bolzano, Piazza del Grano 3	3,000	90.00		
Fri-El Anglona S.r.l.	Bolzano, Piazza del Grano 3	100		100.00	Fri-El Nulvi Holding S.r.l.
FW Holding S.r.l.	Bolzano, Piazza del Grano 3	100	100.00		
Fri-El Basento S.r.l.	Bolzano, Piazza del Grano 3	10		100.00	FW Holding S.r.l.
Fri-El Ricigliano S.r.l.	Bolzano, Piazza del Grano 3	10		100.00	FW Holding S.r.l.
Fri-El Grottole S.r.l.	Bolzano, Piazza del Grano 3	50		100.00	Fri-El Basento S.r.l.
Anemos Wind S.r.l.	Milan, Via Renato Fucini 4	50	100.00		
Ordon Energia S.r.l.	Milan, Via Renato Fucini 4	435	100.00		
Callari S.r.l.	Milan, Via Renato Fucini 4	1,000	100.00		
Minerva S.r.l.	Milan, Via Renato Fucini 4	14	100.00		
Eolo S.r.l.	Milan, Via Renato Fucini 4	750	100.00		
Parco Eolico Licodia Eubea S.r.l.	Milan, Via Renato Fucini 4	100	80.00		
Dotto S.r.l.	Milan, Via Renato Fucini 4	10	100.00		
Wind Power Sud S.r.l.	Milan, Via Renato Fucini 4	10	100.00		
Renergy San Marco S.r.l.	Milan, Via Renato Fucini 4	108	100.00		
Krupen Wind S.r.l.	Milan, Via Renato Fucini 4	10	100.00		
Enermac S.r.l.	Milan, Via Renato Fucini 4	40	100.00		
Fucini4 S.r.l.	Milan, Via Renato Fucini 4	10	100.00		
Auseu-Borod Wind Farm S.r.l. in liquidation	Oradea, Cetatii Square no. 1, 4th floor, Bihor County	RON0.2		100.00	Alerion Romania S.A.
Alerion Romania S.A. in liquidation	Oradea, Cetatii Square no. 1, 4th floor, Bihor County	RON100	95.00		
				5.00	Alerion Bioenergy S.r.l. in liquidation
Draghiescu Partners S.r.l.	Oras Bragadiru, strada PRIMAVERII, nr.13D, Camera 5, Judet Ilfov	RON0.3		90.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
Alerion Bulgaria OOD	Sofia, 6th Septemvri Str., 6A, Sredetv Region	LEV90	92.50		
Wind Energy OOD	Sofia, 6th Septemvri Str., 6A	LEV2,375		51.00	Krupen Wind S.r.l.
Wind Stream OOD	Sofia, 6th Septemvri Str., 6A	LEV2,319		51.00	Krupen Wind S.r.l.
Wind Systems OOD	Sofia, 6th Septemvri Str., 6A	LEV2,290		51.00	Krupen Wind S.r.l.
Wind Power 2 OOD	Sofia, 6th Septemvri Str., 6A	LEV2,312		51.00	Krupen Wind S.r.l.
Naonis Wind S.r.l.	Milan, Via Renato Fucini 4	20	100.00		
Alerion Clean Power RO S.r.l.	Bucharest sect. 2, Calea Floreasca nr. 175, parte B, Etaj 3	RON50	100.00		
Fravort S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Tremalzo S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Green Fotovoltaic Parc S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Solar Live Energy S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Inspire Parc Solar S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Conti Green Projects S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Conti Green Alliance S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Conti Green Energy S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON0.2		100.00	Alerion Clean Power RO S.r.l.
Mitoc Partners S.r.l.	Bucharest sect. 1, Via Maior Ștefan Sanatescu, N. 53, Palazzo C1, Corpo 4, Piano 2, Stanza 4	RON0.8		75.00	Alerion Clean Power RO S.r.l.
Cevedale S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Cavignon S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Presenella S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Vermiglio S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Vigolana S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Phoenix Ceres S.r.l.	Bucharest sect. 1, Str. Maior Ștefan Sanatescu, nr. 53, Et.2, Clădirea C1, corp 4, camera 4	RON0.8		75.00	Alerion Clean Power RO S.r.l.
Phoenix Catalyst S.r.l.	Bucharest sect. 1, Str. Maior Ștefan Sanatescu, nr. 53, Et.2, Clădirea C1, corp 4, camera 4	RON0.8		75.00	Alerion Clean Power RO S.r.l.
Phoenix Nest S.r.l.	Bucharest sect. 1, Str. Maior Ștefan Sanatescu, nr. 53, Et.2, Clădirea C1, corp 4, camera 4	RON0.8		75.00	Alerion Clean Power RO S.r.l.
Phoenix Genesis S.r.l.	Bucharest sect. 1, Str. Maior Ștefan Sanatescu, nr. 53, Et.2, Clădirea C1, corp 4, camera 4	RON0.8		75.00	Alerion Clean Power RO S.r.l.
Alerion Ro Todiresti S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON50		100.00	Alerion Clean Power RO S.r.l.
Fradusta S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Litegosa S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Brunale S.r.l.	Pietramontecorvino, Via della Pace, 7	1	100.00		Alerion Servizi Tecnici e Sviluppo S.r.l.
Lagorai S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, Parte B, Piano 3	RON1		100.00	Alerion Clean Power RO S.r.l.
Rienza S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, parte B, Etaj 11	RON1		100.00	Alerion Clean Power RO S.r.l.
Passirio S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, parte B, Etaj 11	RON1		100.00	Alerion Clean Power RO S.r.l.
Plose S.r.l.	Bucharest sect. 1, Calea Floreasca nr. 175, parte B, Etaj 11	RON1		100.00	Alerion Clean Power RO S.r.l.
Alerion Investments S.r.l.	Milan, Via Renato Fucini 4	10	100.00		
Alerion UK Ltd.	Gateway House, Old Hall Road, Bromborough, Wirral, United Kingdom	GBP0.001	100.00		
Alerion Service S.r.l.	Bolzano, Piazza del Grano 3	100	100.00		
Equity-accounted investees					
Ecoenergia Campania S.r.l.	Cervinara (AV), Via Cardito 14	100	50.00		
New Green Molise S.r.l.	Naples - Via Diocleziano 107	10	50.00		
Andromeda Wind S.r.l.	Bolzano, Piazza del Grano 3	465	49.00		
Fri-El Guardionara S.r.l.	Bolzano, Piazza del Grano 3	10	49.00		
Fri-El Anzi S.r.l.	Bolzano, Piazza del Grano 3	50	49.00		
S.C. Compagnia Eoliana S.A.	Oradea, Cetatii Square no. 1, 4th floor, Bihor County	RON501	49.75		
Jimbolia Wind farm S.r.l.	Oradea, Cetatii Square no. 1, 4th floor, Bihor County	RON1		99.00	S.C. Compagnia Eoliana S.A.
Generai S.r.l.	Pietramontecorvino, Piazza Martiri del terrorismo 10	10		50.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
Parco Eolico Santa Croce del Sannio House S.r.l.	Benevento, Viale Mario Rotili 148	40		50.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
Bioenergia S.r.l.	Pietramontecorvino, Via Calcare 6	1		50	Alerion Servizi Tecnici e Sviluppo S.r.l.

The changes in the consolidation scope are due to the following:

- (i) the acquisition, through the subsidiary Alerion Servizi Tecnici e Sviluppo S.r.l., of 100% of Brunale S.r.l., an SPE engaged in the development and preparatory activities to design a solar farm in the province of Foggia;
- (ii) the acquisition, through the subsidiary Alerion Clean Power RO S.r.l., of 100% of: a) Litegosa S.r.l., b) Fradusta S.r.l., c) Laborai S.r.l., d) Plose S.r.l., e) Passirio S.r.l. and f) Rienza S.r.l., all of which are engaged in the development and preparatory activities to design solar farms in Romania;
- (iii) the acquisition of Alerion Service S.r.l. on 14 April 2022 directly from the ultimate parent. This company provides operation and maintenance services to the group's wind farms under contracts agreed with the operating companies at market conditions. The acquisition has significantly increased inventories and the number of employees with the result that, at 31 December 2022, the group has 131 employees compared to 46 at 31 December 2021;
- (iv) the incorporation of Alerion UK Limited, with share capital of GBP1 by Alerion Clean Power S.p.A. on 18 July 2022; this newco will act as a holding company for the SPEs necessary to develop the group's operations in the United Kingdom;
- (v) the incorporation, by the parent, of the financial company Alerion Investments S.r.l. with quota capital of €10 thousand on 2 August 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NON-CURRENT ASSETS

5. INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

(€'000)	Licences and concessions	Development costs	Patents and intellectual property rights	Other intangible assets	Assets under development	Total
Carrying amount at 01.01.2021	185,777	10,486	211	12	1,614	198,100
Gross carrying amount						
Change in consolidation scope	8,833	0	0	0	0	8,833
Increases	3,064	1,492	4	173	584	5,317
Decreases	0	(115)	0	0	0	(115)
Other reclassifications	310	0	0	0	(310)	0
Total change in gross carrying amount	12,207	1,377	4	173	274	14,035
Accumulated amortisation						
Amortisation	(10,635)	(179)	(43)	(34)	0	(10,891)
Elimination of acc. amortisation of transferred assets	0	96	0	(74)	0	22
Total change in accumulated amortisation	(10,635)	(83)	(43)	(108)	0	(10,869)
Gross carrying amount at 31.12.2021	250,296	15,654	516	2,781	1,888	271,135
Accumulated amortisation	(62,947)	(3,874)	(344)	(2,704)	0	(69,869)
Carrying amount at 01.01.2022	187,349	11,780	172	77	1,888	201,266
Gross carrying amount						
Change in consolidation scope	3,171	0	69	2	0	3,242
Increases	4,193	1,762	46	3	788	6,792
Decreases	(489)	(185)	(195)	(486)	0	(1,355)
Other reclassifications	180	329	0	0	(1,547)	(1,038)
Total change in gross carrying amount	7,055	1,906	(80)	(481)	(759)	7,641
Accumulated amortisation						
Change in consolidation scope	0	0	(17)	(1)	0	(18)
Amortisation	(10,950)	(548)	(37)	(16)	0	(11,551)
Elimination of acc. amortisation of transferred assets	0	0	154	464	0	618
Other changes	0	(165)	0	0	0	(165)
Total change in accumulated amortisation	(10,950)	(713)	100	447	0	(11,116)
Gross carrying amount at 31.12.2022	257,351	17,560	436	2,300	1,129	278,776
Accumulated amortisation	(73,897)	(4,587)	(244)	(2,257)	0	(80,985)
Carrying amount at 31.12.2022	183,454	12,973	192	43	1,129	197,791

Licences and concessions amount to €183,454 thousand (€187,349 thousand at 31 December 2021) and relate to permits and concessions to operate wind farms, obtained through the acquisition of equity investments in special-purpose entities.

The pre-amortisation increase of €7,055 thousand is mostly due to the change in the consolidation scope as a result of the investments made in Romania.

Development costs amount to €12,973 thousand (€11,780 thousand at 31 December 2021) and relate to costs mostly incurred in connection with feasibility and design studies, anemometric analyses and other costs relating to wind power projects under development and implementation. The group has capitalised these costs in accordance with IAS 38 and it will amortise them when the related plant begins production over the useful life of the relevant project.

Assets under development amount to €1,129 thousand (€1,888 thousand at 31 December 2021). The decrease is mostly due to the commissioning of the wind farms of Enermac S.r.l. and Naonis S.r.l. and commencement of amortisation.

6. IMPAIRMENT TESTING OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As required by IAS 36, an impairment test was performed and approved by the parent's board of directors in its meeting of 9 March 2023. The test was aimed at checking whether the reporting-date carrying amount of these assets, and especially intangible assets, exceeded their recoverable amount. The group tested net intangible assets with a carrying amount of €179,896 thousand and net property, plant and equipment with a carrying amount of €446,543 thousand relating to the identified CGUs.

<i>(€'000)</i>	31 December 2022	Recoverable amount	Impairment loss
Intangible assets with a finite useful life	197,791	179,896	17,895
Property, plant and equipment	543,380	446,543	96,837
Total	741,171	626,439	114,732

The CGUs' carrying amounts tested for impairment are set out below:

CGUs - Consolidated plants	Company	Carrying amount after impairment test	Headroom
Albanella	Eolo S.r.l.	3,597	4,084
Ciorlano	Dotto S.r.l.	11,132	5,064
Monte Petراسي	Wps S.r.l.	31,573	14,031
Callari	Callari S.r.l.	25,201	30,706
Ordonա	Ordonա S.r.l.	26,475	31,514
Castel di Lucio	Minerva S.r.l.	20,756	12,370
Licodia Eubea	P. E. Licodia S.r.l.	21,976	7,945
Renergy San Marco	Renergy San Marco S.r.l.	34,133	30,670
Eolica PM	Eolica PM S.r.l.	66,119	95,783
Regalbuto	Anemos Wind S.r.l.	30,782	22,119
Campidano	Fri-El Campidano S.r.l.	72,767	43,258
Green Energy Sardegna	Green Energy Sardegna S.r.l.	35,916	42,790
Albareto	Fri-El Albareto S.r.l.	26,620	31,400
Nulvi-Tergu	Fri-El Anglona S.r.l.	14,660	31,904
Ricigliano	Fri-El Ricigliano S.r.l.	18,577	29,047
Grottole	Fri-El Grottole S.r.l.	65,399	63,361
Cerignola	Naonis Wind S.r.l.	11,362	7,877
Ortanova (Enermac)	Enermac S.r.l.	56,639	41,173
Comiolica	Comiolica S.L.	44,283	42,423
Krupen	Krupen	8,472	11,246
Total		626,439	598,765

At each reporting date, the group assesses whether there is any indication that an asset may be impaired. If there is any indication of impairment, the group estimates the recoverable amount of the asset.

When assessing the existence of an indication of impairment, the group considers information from both internal and external sources. With reference to the individual CGUs identified, potential impairment indicators have been identified in medium/long-term price scenarios. Moreover, the parent's net assets' carrying amount exceeding its market capitalisation at the reporting date was considered as an impairment indicator. As provided for by its internal policies, the group tests intangible assets with a finite useful life and property, plant and equipment for impairment even when indicators of impairment do not exist.

The group estimated those assets' recoverable amount on the basis of their economic value, considering their future cash flows. The cash flows are estimated for each asset or the cash-generating unit to which the assets are allocated.

On the basis of the group's strategic and organisational decisions, in testing these assets, it made reference to the individual projects/plants, each of which is identifiable with a company. These companies represent the smallest identifiable cash-generating units, as the assets tested for impairment are not able to generate cash inflows independently of those arising from other assets or groups of assets held by the individual companies.

Impairment testing did not include assets relating to the inactive companies or those acquired during the year because they were recognised at their acquisition-date fair value when they were consolidated for the first time and no indicators of impairment emerged. Specifically, the group

referred to the appraisal prepared by an independent expert on 27 October 2022 to calculate the recoverable amount of the Guardionara, Andromeda and Anzi CGUs.

The wind farms that commenced operations in Romania in 2022 and the related CGUs were not included in the annual impairment test as their pre-operating phase only ended at the start of 2023.

The group estimated the economic value of the assets of the various operating companies using a cash flow plan determined according to the assets' expected useful life.

Given the particular type of business, which involves investments with returns over the medium term and cash flows over a long-term time horizon, the plan period exceeds five years. In particular, in order to determine the recoverable amount of the wind farms, the group discounted the operating cash flows - which take account of investment levels suitable for maintaining the operational efficiency of the plants - to present value on the basis of the term of the various projects' concessions, on average 29 years after the start of production.

The cash flow projections are based on the following assumptions:

- expected production of wind farms based on the historical productivity averages of individual farms;
- expected selling prices extrapolated from market projections for the electricity price curve. With regard to the feed-in tariffs, however, the group made reference to the sector regulatory requirements;
- production costs deriving from historical analyses or standard costs of comparable projects;
- investments to ensure the normal operation of plants (refitting) assumed on the basis of internal estimates;
- terminal value: the sale price estimated by discounting net cash flows after the explicit period of 20 years, reduced by 20%.

The operating companies' individual plans were approved by the relevant sole director or board of directors, as the case may be.

The group discounted the resulting post-tax cash flows at a rate reflecting the weighted average cost of capital (WACC) invested. This rate was 5.93% for CGUs in Italy (4.50% at 31 December 2021), 5.53% for CGUs in Spain (€4.14% at 31 December 2021) and 6.77% for CGUs in Bulgaria (4.32% at 31 December 2021), also calculated net of tax. In order to comply with the ESMA's Public Statement of 28 October 2022, the group calculated the risk-free discount rate using the 6-month daily average of the yields on government bonds in the three countries (i.e., Italy, Spain and Bulgaria) instead of the 12-month average used in previous years.

The tests did not identify the need to impair any of the CGUs.

Sensitivity analysis

Impairment testing is based on information currently available and reasonable estimates of, inter alia, trends in wind, electricity prices, production costs and interest rates. In this context, the group performed a sensitivity analysis of the recoverable amount of the various CGUs, assuming a reduction in electricity selling prices and an increase in the discount rate. In particular, with regard to the volatility of electricity prices which has characterised the electricity market in recent years, the following sensitivity analyses were carried out with regard to the "base case", with electricity prices 5% lower and a discount rate 0.5 percentage points higher.

Specifically:

- in the event of a 5% reduction in electricity prices over the entire plan period, the carrying amount of these assets would not change;
- in the event of a 0.5 percentage point increase in the discount rate, the carrying amount of the assets would not change.

The directors carefully monitor the above variables which are external and cannot be controlled to promptly identify any adjustments to the estimates of recoverability of the carrying amounts of these assets.

The group based its assessment of the recoverable amount of the non-current assets on the most recent budgets and business plans, whose underlying internal and market assumptions are defined considering both internal and external variables. In any case, a reduction in electricity prices would be partly offset in the following year by an increase in the feed-in tariff paid by the Italian energy services operator, where applicable, due to the construction of the relevant formula.

7. PROPERTY, PLANT AND EQUIPMENT

(€'000)	Land	Buildings	Plant and equipment	Other assets	Assets under construction	Total
Carrying amount at 01.01.2021	23,844	282	430,068	316	1,127	455,637
Gross carrying amount						
Change in consolidation scope	1,132	0	0	0	3,312	4,444
Other reclassifications	130	0	(151)	151	(130)	0
Increases for IFRS 16	652	321	0	49	0	1,022
Increases	3,493	3,862	827	137	56,568	64,887
Decreases	0	0	(5,897)	(13)	0	(5,910)
Total change in gross carrying amount	5,407	4,183	(5,221)	324	59,750	64,443
Accumulated depreciation						
Depreciation	(1,325)	(113)	(28,563)	(104)	0	(30,105)
Increases for IFRS 16	0	288	0	0	0	288
Elimination of acc. depreciation of transferred assets	0	0	260	0	0	260
Other reclassifications	0	0	139	(139)	0	0
Total change in accumulated depreciation	(1,325)	175	(28,164)	(243)	0	(29,557)
Gross carrying amount at 31.12.2021	31,592	4,792	805,983	1,533	60,877	904,777
Accumulated depreciation	(3,666)	(152)	(409,300)	(1,136)	0	(414,254)
Carrying amount at 01.01.2022	27,926	4,640	396,683	397	60,877	490,523
Gross carrying amount						
Change in consolidation scope	475	0	329	979	662	2,445
Other reclassifications	7	54	41,481	0	(40,504)	1,038
Increases/decreases for IFRS 16	(3,509)	244	0	74	0	(3,191)
Increases	3,136	400	25,215	1,307	57,922	87,980
Decreases	(1,203)	0	(2,950)	(594)	0	(4,747)
Total change in gross carrying amount	(1,094)	698	64,075	1,766	18,080	83,525
Accumulated depreciation						
Change in consolidation scope	0	0	(39)	(280)	0	(319)
Depreciation	(1,124)	(291)	(29,776)	(290)	0	(31,481)
Increases for IFRS 16	468	0	0	42	0	510
Elimination of acc. depreciation of transferred assets	0	0	120	502	0	622
Total change in accumulated depreciation	(656)	(291)	(29,695)	(26)	0	(30,668)
Gross carrying amount at 31.12.2022	30,498	5,490	870,058	3,299	78,957	988,302
Accumulated depreciation	(4,322)	(443)	(438,995)	(1,162)	0	(444,922)
Carrying amount at 31.12.2022	26,176	5,047	431,063	2,137	78,957	543,380

Land and buildings amount to €31,223 thousand, down by €1,343 thousand on the previous year end, mostly due to depreciation as well as the €1,203 thousand reduction for the sale of land and easements for the electrical substation of Enermac S.r.l. to Terna.

Plant and equipment amount to €431,063 thousand (€396,683 thousand at 31 December 2021) and include the estimated costs to requalify the sites. The decrease is mostly due to the normal depreciation process for the year (€29,776 thousand).

Other assets amount to €2,137 thousand (€397 thousand at 31 December 2021) and mainly consist of office fixtures, fittings and electronic equipment.

Assets under construction amount to €78,957 thousand (€60,887 thousand at 31 December 2021). The increase is mostly a result of the recognition of the costs incurred to build the new wind farms in Romania, net of reclassifications (principally to plant and machinery) after the commissioning of wind farms by Enermac S.r.l. and Naonis S.r.l. and commencement of their depreciation.

The reporting-date effects of the initial application of IFRS 16 "Leases" are summarised below:

Effects of IFRS 16 on equity (operating leases)	31 December 2022	31 December 2021
Property, plant and equipment	16,822	20,861
Other current assets	(496)	(617)
Current operating lease liabilities	(1,144)	(1,214)
Non-current operating lease liabilities	(15,978)	(19,827)
Deferred taxes	252	229
Joint ventures	(188)	(138)
Effects on equity	(732)	(706)

The right-of-use assets at 31 December 2022 mostly consist of: i) land of €15,835 thousand; ii) buildings of €890 thousand; and iii) other assets of €98 thousand.

Plant and equipment include items previously held under finance lease and recognised in accordance with IFRS 16 at the Regalbuto farm for €28,914 thousand. They were purchased during the year at the end of the lease term.

8. EQUITY-ACCOUNTED INVESTMENTS

The disclosure required by IFRS 11 "Joint arrangements" is provided below.

At 31 December 2022, the parent has investments in the joint ventures Ecoenergia Campania S.r.l., New Green Molise S.r.l., Andromeda Wind S.r.l., Fri-El Guardionara S.r.l., Fri-El Anzi S.r.l., Generai S.r.l., Bioenergia S.r.l. and Parco Eolico Santa Croce del Sannio House S.r.l..

There have been no changes since 31 December 2021. Following its merger with the subsidiary Alerion Energie Rinnovabili S.r.l., the parent also has direct investments in the following associates: Giava Uno S.r.l. in liquidation and S.C. Compagnia Eoliana S.A.. The latter, in turn, owns 99% of Jimbolia Wind Farm S.r.l.. These equity investments were fully impaired in previous years.

Under the governance structure and contractual arrangements, the parent cannot exercise sole control over these investees. Decisions about relevant activities require the unanimous consent of the parties.

Accordingly, the investments in these entities are measured using the equity method.

(€'000)	31.12.2022	31.12.2021	Change
New Green Molise S.r.l.	19,777	22,661	(2,884)
Ecoenergia Campania S.r.l.	3,205	3,500	(295)
Andromeda Wind S.r.l.	12,440	13,664	(1,224)
Fri-El Anzi S.r.l.	8,955	9,800	(845)
Fri-El Guardionara S.r.l.	10,361	10,707	(346)
Generai S.r.l.	884	340	544
Bioenergia S.r.l.	885	881	4
Parco Eolico Santa Croce del Sannio House S.r.l.	92	93	(1)
Equity-accounted investments	56,599	61,646	(5,046)

Ecoenergia Campania S.r.l.

The current and non-current assets and liabilities, costs and revenue of the joint venture Ecoenergia Campania S.r.l., which owns a wind farm in Lacedonia in the province of Avellino with installed capacity of 15 MW, recognised using the equity method in these consolidated financial statements, are summarised below:

Ecoenergia Campania S.r.l. (€'000)

	31.12.2022	31.12.2021
Non-current assets	7,422	8,203
Current assets	4,767	2,970
<i>including: cash and cash equivalents</i>	<i>3,595</i>	<i>1,067</i>
Total assets	12,189	11,173
Equity	6,409	7,001
Non-current liabilities	397	331
Current liabilities	5,383	3,841
Liabilities and equity	12,189	11,173
	2022	2021
Revenue	7,119	6,038
Costs	(4,796)	(2,980)
<i>including: impairment losses, amortisation and depreciation</i>	<i>(754)</i>	<i>(749)</i>
<i>including: interest expense</i>	<i>(4)</i>	<i>(3)</i>
<i>including: income taxes</i>	<i>(2,930)</i>	<i>(1,229)</i>
Profit for the year	2,323	3,058
Dividends distributed	(2,914)	(1,968)
	31.12.2022	31.12.2021
Net assets	6,409	7,001
Investment percentage	50%	50%
Carrying amount of the investment	3,205	3,501

New Green Molise S.r.l.

New Green Molise S.r.l. owns a wind farm in San Martino in Pensilis in the province of Campobasso, with installed capacity of 58 MW. Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

New Green Molise S.r.l. (€'000)

	31.12.2022	31.12.2021
Non-current assets	58,715	63,396
Current assets	13,949	27,058
<i>including: cash and cash equivalents</i>	<i>10,893</i>	<i>18,741</i>
Total assets	72,664	90,454
Equity	39,554	45,323
Non-current liabilities	10,112	29,971
<i>including: financial liabilities</i>	<i>9,550</i>	<i>29,334</i>
Current liabilities	22,998	15,160
<i>including: financial liabilities</i>	<i>1,847</i>	<i>8,809</i>
Liabilities and equity	72,664	90,454
	2022	2021
Revenue	30,220	26,138
Costs	(25,683)	(14,406)
<i>including: impairment losses, amortisation and depreciation</i>	<i>(4,120)</i>	<i>(4,094)</i>
<i>including: interest expense</i>	<i>(2,244)</i>	<i>(2,577)</i>
<i>including: income taxes</i>	<i>(15,836)</i>	<i>(5,227)</i>
Profit for the year	4,537	11,732
Statement of comprehensive income		
Effective portion of net fair value gains on cash flow hedges of equity-accounted investees	1,748	1,288
<i>Related tax</i>	<i>(420)</i>	<i>(309)</i>
Post-tax other comprehensive income that may be reclassified subsequently to profit or loss	1,328	979
Dividends distributed	(11,636)	0
	31.12.2022	31.12.2021
Net assets	39,554	45,323
Investment percentage	50%	50%
Carrying amount of the investment	19,777	22,662

Andromeda Wind S.r.l.

Andromeda Wind S.r.l. owns a wind farm in the municipalities of Ururi and Larino in the province of Campobasso, with installed capacity of 26 MW. Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

Andromeda Wind S.r.l. (€'000)

	31.12.2022	31.12.2021
Non-current assets	34,909	37,438
Current assets	9,490	10,110
<i>including: cash and cash equivalents</i>	<i>6,641</i>	<i>6,226</i>
Total assets	44,399	47,548
Equity	25,387	27,885
Non-current liabilities	9,295	13,140
<i>including: financial liabilities</i>	<i>4,666</i>	<i>8,297</i>
Current liabilities	9,717	6,523
<i>including: financial liabilities</i>	<i>3,590</i>	<i>3,578</i>
Liabilities and equity	44,399	47,548
	2022	2021
Revenue	13,947	12,038
Costs	(11,190)	(6,431)
<i>including: impairment losses, amortisation and depreciation</i>	<i>(2,546)</i>	<i>(2,538)</i>
<i>including: interest expense</i>	<i>(289)</i>	<i>(373)</i>
<i>including: income taxes</i>	<i>(6,720)</i>	<i>(2,219)</i>
Profit for the year	2,757	5,607
Statement of comprehensive income		
Effective portion of net fair value gains on cash flow hedges of equity-accounted investees	321	135
<i>Related tax</i>	<i>(77)</i>	<i>(32)</i>
Post-tax other comprehensive income that may be reclassified subsequently to profit or loss	244	103
Dividends distributed	(5,500)	(1,500)
	31.12.2022	31.12.2021
Net assets	25,387	27,885
Investment percentage	49%	49%
Carrying amount of the investment	12,440	13,664

Fri-El Anzi S.r.l.

The reverse merger of Fri-El Anzi S.r.l. (wholly owned by Fri-El Anzi Holding) and Fri-El Anzi Holding S.r.l. became effective on 1 January 2022.

Fri-El Anzi S.r.l. owns a wind farm in the municipalities of Anzi and Brindisi Montagna in the province of Potenza, with installed capacity of 16 MW. The parent has a 49% stake in this investee. Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

Fri-El Anzi S.r.l. (€'000)

	31.12.2022	31.12.2021
Non-current assets	24,534	26,073
Current assets	6,903	6,641
<i>including: cash and cash equivalents</i>	<i>4,801</i>	<i>4,160</i>
Total assets	31,437	32,714
Equity	18,276	19,999
Non-current liabilities	6,671	8,884
<i>including: financial liabilities</i>	<i>2,485</i>	<i>4,467</i>
Current liabilities	6,490	3,831
<i>including: financial liabilities</i>	<i>1,981</i>	<i>1,938</i>
Liabilities and equity	31,437	32,714
	2022	2021
Revenue	9,368	8,039
Costs	(6,091)	(4,224)
<i>including: impairment losses, amortisation and depreciation</i>	<i>(1,608)</i>	<i>(1,612)</i>
<i>including: interest expense</i>	<i>(141)</i>	<i>(182)</i>
<i>including: income taxes</i>	<i>(3,501)</i>	<i>(1,522)</i>
Profit for the year	3,277	3,815
Dividends distributed	(5,000)	(1,400)
	31.12.2022	31.12.2021
Net assets	18,276	19,999
Investment percentage	49%	49%
Carrying amount of the investment	8,955	9,800

Fri-El Guardionara S.r.l.

Fri-El Guardionara S.r.l. owns a wind farm in the municipalities of San Basilio, Donigala and Goni in the province of Cagliari, with installed capacity of 24.65 MW. Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

Fri-El Guardionara S.r.l. (€'000)

	31.12.2022	31.12.2021
Non-current assets	26,430	28,309
Current assets	8,547	7,726
<i>including: cash and cash equivalents</i>	<i>6,346</i>	<i>5,483</i>
Total assets	34,977	36,035
Equity	21,145	21,850
Non-current liabilities	6,388	9,259
<i>including: financial liabilities</i>	<i>1,745</i>	<i>4,442</i>
Current liabilities	7,444	4,926
<i>including: financial liabilities</i>	<i>2,716</i>	<i>2,688</i>
Liabilities and equity	34,977	36,035
	2022	2021
Revenue	11,411	9,474
Costs	(8,732)	(5,106)
<i>including: impairment losses, amortisation and depreciation</i>	<i>(1,846)</i>	<i>(1,848)</i>
<i>including: interest expense</i>	<i>(238)</i>	<i>(236)</i>
<i>including: income taxes</i>	<i>(5,314)</i>	<i>(1,797)</i>
Profit for the year	2,679	4,368
Statement of comprehensive income		
Effective portion of net fair value gains on cash flow hedges of equity-accounted investees	153	67
<i>Related tax</i>	<i>(37)</i>	<i>(16)</i>
Post-tax other comprehensive income that may be reclassified subsequently to profit or loss	116	51
Dividends distributed	(3,500)	(2,100)
	31.12.2022	31.12.2021
Net assets	21,145	21,850
Investment percentage	49%	49%
Carrying amount of the investment	10,361	10,707

Generai S.r.l.

Generai S.r.l. owns a development project to build a wind farm with installed capacity of 29.4 MW in the municipality of Cerignola (Foggia). Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

Generai S.r.l. (€'000)

	31.12.2022	31.12.2021
Non-current assets	1,872	707
Current assets	21	29
<i>including: cash and cash equivalents</i>	<i>19</i>	<i>19</i>
Total assets	1,893	736
Equity	1,769	681
Non-current liabilities	70	25
<i>including: financial liabilities</i>	<i>70</i>	<i>25</i>
Current liabilities	54	30
<i>including: financial liabilities</i>	<i>50</i>	<i>15</i>
Liabilities and equity	1,893	736
	2022	2021
Revenue	0	0
Costs	(9)	(3)
<i>including: interest expense</i>	<i>(5)</i>	<i>0</i>
<i>including: income taxes</i>	<i>3</i>	<i>0</i>
Loss for the year	(9)	(3)
Dividends distributed	15	0
	31.12.2022	31.12.2021
Net assets	1,769	681
Investment percentage	50%	50%
Carrying amount of the investment	884	341

Bioenergia S.r.l.

Bioenergia S.r.l., 50% owned by the parent, owns a development project to build a wind farm with installed capacity of 30 MW in the municipalities of Orta Nova and Cerignola (Foggia). Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

Bioenergia S.r.l. (€'000)

	31.12.2022	31.12.2021
Non-current assets	1,828	1,817
Current assets	23	9
<i>including: cash and cash equivalents</i>	<i>12</i>	<i>1</i>
Total assets	1,851	1,826
Equity	1,769	1,762
Non-current liabilities	64	15
<i>including: financial liabilities</i>	<i>62</i>	<i>15</i>
Current liabilities	18	49
<i>including: financial liabilities</i>	<i>18</i>	<i>0</i>
Liabilities and equity	1,851	1,826
	2022	2021
Revenue	0	4
Costs	(8)	(1)
<i>including: interest expense</i>	<i>(3)</i>	<i>0</i>
<i>including: income taxes</i>	<i>3</i>	<i>4</i>
Profit (loss) for the year	(8)	3
Dividends distributed	15	0
	31.12.2022	31.12.2021
Net assets	1,769	1,762
Investment percentage	50%	50%
Carrying amount of the investment	885	881

Parco Eolico Santa Croce del Sannio House S.r.l.

Parco Eolico Santa Croce del Sannio House S.r.l., 50% owned by the parent, owns a development project to build a wind farm with installed capacity of 29.6 MW in the municipality of Manfredonia (Foggia). Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

Parco Eolico Santa Croce del Sannio House S.r.l. (€'000)

	31.12.2022	31.12.2021
Non-current assets	190	183
Current assets	26	6
<i>including: cash and cash equivalents</i>	8	0
Total assets	216	189
Equity	184	186
Non-current liabilities	20	0
<i>including: financial liabilities</i>	20	0
Current liabilities	12	3
<i>including: financial liabilities</i>	10	0
Liabilities and equity	216	189
	2022	2022
Revenue	9	4
Costs	(12)	(52)
Loss for the year	(3)	(48)
Dividends distributed	0	0
	31.12.2022	31.12.2021
Net assets	184	186
Investment percentage	50%	50%
Carrying amount of the investment	92	93

At the date of preparation of these consolidated financial statements, the above joint ventures had complied with the financial covenants provided for by their project financing agreements.

Compania Eoliana S.A.

Compania Eoliana S.A., of which the parent holds 49.75%, was in charge of projects in Romania no longer deemed feasible. Accordingly, the parent fully impaired its investment in the associate, as well as the loan it granted thereto, in 2016.

9. LOANS AND OTHER NON-CURRENT FINANCIAL ASSETS

Loans and other non-current financial assets amount to €8,005 thousand (€7,716 thousand at 31 December 2021) and include: i) loans to equity-accounted investees; and ii) financial assets related to the development and investment projects in Romania.

10. OTHER NON-CURRENT ASSETS

Other non-current assets amount to €1,215 thousand compared to €947 thousand at 31 December 2021 and mainly consist of VAT assets to be collected after one year.

CURRENT ASSETS

11. INVENTORIES

Inventories amount to €8,284 thousand and have been recognised after the acquisition of Alerion Service S.r.l. during the year. This company provides asset management services to all the group's operating wind farms. Its maintenance activities comprise assistance and replacement of spare parts of the wind farms either on a routine or as-needed basis.

12. TRADE RECEIVABLES

Trade receivables amount to €27,405 thousand (€38,263 thousand at 31 December 2021) and mainly relate to sales of the energy produced in December 2022. The decrease is due to lower production output in the last month of the year compared to December 2021.

Trade receivables are generally due within 30-45 days.

13. TAX ASSETS

Tax assets amount to €3,089 thousand (€2,989 thousand at 31 December 2021) and mainly relate to IRES (corporate income tax) claimed for reimbursement and paid on account (€1,293 thousand and €664 thousand, respectively) and IRAP (tax on production activities) claimed for reimbursement and paid on account (€1,012 thousand and €117 thousand, respectively).

14. OTHER CURRENT ASSETS

Other current assets are broken down in the following table:

(€'000)	31.12.2022	31.12.2021	Change
Tax assets	17,595	13,597	3,998
Other assets	14,107	21,595	(7,488)
Total other current assets	31,702	35,192	(3,490)

Tax assets mostly comprise the portion of withholdings and VAT deemed to be recoverable within one year.

Other assets amount to €14,107 thousand (€21,595 thousand at 31 December 2021), net of a loss allowance of €203 thousand, and mainly relate to amounts due under feed-in tariff schemes of €3,030 thousand (€14,588 thousand at 31 December 2021) and sundry assets of €7,709 thousand, mostly comprising uncollected dividends from equity-accounted investees of €4,268 thousand.

Amounts due under feed-in tariff schemes are mostly due within 60 days.

15. LOANS AND OTHER CURRENT FINANCIAL ASSETS

This caption of €73,885 thousand (€457 thousand at 31 December 2021) includes temporary investments of liquidity. Specifically, it comprises time deposit contracts of €10,000 thousand with a remaining maturity of nine months and bonds of €64,173 thousand with an average maturity of around five years placed with major banks (the amounts include the fair value gains of €1,369 thousand).

16. CASH AND CASH EQUIVALENTS

(€'000)	31.12.2022	31.12.2021	Change
Demand deposits	226,594	123,634	102,960
Cash and cash equivalents on hand	15	18	(3)
Total cash and cash equivalents	226,609	123,652	102,957

Bank deposits amount to €226,609 thousand (€123,652 thousand at 31 December 2021).

At the reporting date, the bank deposits relating to group companies that are not parties to project financing agreements amount to €180,770 thousand (€84,693 thousand at 31 December 2021). Cash and cash equivalents of group companies funded through project financing amount to €45,822 thousand (€38,960 thousand at 31 December 2021) and mainly comprise bank current account balances, which are to be used in accordance with the related project financing agreements.

Reference should be made to the statement of cash flows for further details.

17. EQUITY

The group's capital management policies are designed to maintain a capital level that ensures investor, creditor and market confidence, while also allowing it to grow its business. The group regularly monitors the return on capital and dividends to be distributed to the holders of the parent's ordinary shares.

Equity attributable to the owners of the parent increased by €71,688 thousand to €298,786 thousand from €227,098 thousand at 31 December 2021. The increase includes:

- the profit attributable to the owners of the parent of €71,040 thousand;
- net fair value losses of €891 thousand on bonds (classified under financial assets) recognised directly in OCI, net of tax;

- net actuarial losses on defined benefit plans (IAS 19) of €66 thousand, recognised in OCI net of tax;
- the repurchase of treasury shares of €2,169 thousand;
- net fair value gains of €30,374 thousand on derivatives, net of tax;
- the partial distribution of available reserves (€23,762 thousand);
- an increase of €509 thousand in the IFRS 2 reserve due to recognition of the effects of the stock grant incentive plan for 2021 and 2022. The plan provides for the free assignment of shares to executive directors and/or key management personnel and/or employees and/or consultants with strategically important roles if performance targets are met at the end of the vesting period. The maximum number of shares that can be assigned to the beneficiaries (overperformance as per the terms and conditions set out in the related regulation) is 43,145 shares (in this case treasury shares). The group recognises the services rendered by the beneficiaries as personnel expenses and indirectly estimates their value and the related increase in equity based on the fair value of the equity instruments at the grant date, as established by IFRS 2;
- a decrease of €3,347 thousand in other changes, mostly due to the difference between the net assets acquired and the consideration transferred for the recent acquisition of Alerion Service S.r.l. directly from the controlling shareholder.

At their meeting of 22 April 2022, the parent's shareholders approved the proposed distribution of a dividend from available reserves of €0.44 per outstanding ordinary share (net of treasury shares), net or gross of tax, depending on the applicable tax regime, with payment as of 25 May 2022 and detachment date of coupon 11 on 23 May 2022. The parent distributed the dividend of €23,762 thousand in compliance with the terms established by the shareholders

The 2022 changes in equity are presented in the statement of changes in equity.

Equity captions are commented on below:

The parent's **share capital** of €161,137 thousand (unchanged from 31 December 2021) is made up of 54,229,403 ordinary shares.

The **treasury share reserve** amounts to €5,316 thousand (€3,147 thousand at 31 December 2021) and shows the price paid to repurchase 289,437 treasury shares. It increased by €2,169 thousand during the year.

The **share premium** amounts to €21,400 thousand, unchanged from 31 December 2021, and includes: i) the premium of €0.02 per share for the increase carried out in 2003; ii) the premium of €0.55 per share for the increase carried out in 2008, net of transaction costs; and iii) the difference between the repurchase price of treasury shares cancelled in 2012 and their nominal amount, in addition to the related commissions.

The **income-related reserves** amount to €106,422 thousand (€62,939 thousand at 31 December 2021) and include retained earnings less dividends distributed.

The **hedging reserve** is positive by €15,143 thousand (negative by €15,231 thousand at 31 December 2021) and includes the post-tax net fair value gains on the effective portion of hedging derivatives. The net fair value gains of €30,374 thousand accumulated during the year include €842 thousand relating to equity-accounted investments. Reference should be made to section 3. "FINANCIAL RISK MANAGEMENT" for the related changes.

Equity attributable to non-controlling interests amounts to €6,212 thousand (€4,525 thousand at 31 December 2021).

The disclosure required by IFRS 12 "Disclosure of interests in other entities" is set out below:

	Operating office	Investment percentage		Profit (loss) attributable to non-controlling interests		Equity (deficit) attributable to non-controlling interests	
		31.12.2022	31.12.2021	2022	2021	31.12.2022	31.12.2021
(€'000)							
Alerion Bulgaria AD	Bulgaria	92.50%	92.50%	(2)	(2)	(7)	(7)
Parco Eolico Licodia Eubea	Italy	80.00%	80.00%	748	538	1,593	1,314
Energes Biccari	Italy	75.00%	75.00%	0	0	0	0
Wind Energy EOOD	Bulgaria	51.00%	51.00%	327	79	1,002	673
Wind Stream EOOD	Bulgaria	51.00%	51.00%	259	40	707	449
Wind Systems EOOD	Bulgaria	51.00%	51.00%	357	142	990	633
Wind Power 2 EOOD	Bulgaria	51.00%	51.00%	315	84	955	640
Fri-El Anglona	Italy	90.00%	90.00%	449	654	(401)	(439)
Draghiescu Partners	Romania	90.00%	90.00%	(81)	(26)	(119)	(39)
Fre-El Nulvi Holding	Italy	90.00%	90.00%	(2)	(16)	1,721	1,313
Mitoc Partners	Romania	75.00%	75.00%	(105)	(12)	(117)	(12)
Phoenix Catalyst	Romania	75.00%	75.00%	(19)	0	(19)	0
Phoenix Ceres	Romania	75.00%	75.00%	(19)	0	(19)	0
Phoenix Genesis	Romania	75.00%	75.00%	(19)	0	(19)	0
Phoenix Nest	Romania	75.00%	75.00%	(55)	0	(55)	0
Total				2,153	1,481	6,212	4,525

NON-CURRENT LIABILITIES

18. NON-CURRENT FINANCIAL LIABILITIES

(€'000)	31.12.2022	31.12.2021	Change
Bonds issued	495,426	395,901	99,525
Bank loans and borrowings	127,736	106,920	20,816
Lease liabilities	15,978	19,827	(3,849)
Finance lease liabilities	0	19,171	(19,171)
Loans from non-controlling investors	10,386	12,167	(1,781)
Total non-current financial liabilities	649,526	553,986	95,540

At 31 December 2022, **bonds issued** show an increase of €99,525 thousand mainly due to the subscription of the new 2022-2028 bond issue. The caption comprises i) the 2019-2025 bonds subscribed on 12 December 2019 for €200,000 thousand, net of issue costs of €1,515 thousand; ii) the 2021-2027 bonds issued on 3 November 2021 for €200,000 thousand net of issue costs of €1,774 thousand; and iii) the 2022-2028 bonds issued on 17 May 2022 for €100,000 thousand net of issue costs of €1,285 thousand.

Bank loans and borrowings amount to €127,736 thousand (€106,920 thousand at 31 December 2021) and include the non-current portion of i) the project financing taken out to construct the Villacidro, Albareto and Ponte Gandolfo wind farms by the subsidiaries Green Energy Sardegna S.r.l. (€21,485 thousand), Fri-El Albareto S.r.l. (€14,567 thousand) and Eolica PM S.r.l. (€36,405 thousand), respectively, net of transaction costs; ii) the loan taken out to purchase the Via Fucini building (€3,516 thousand), net of transaction costs; iii) the bank loans taken out by the parent from Bankinter (€279 thousand) and Mediocredito (€2,358 thousand); and iv) project financing agreed in 2022 by Enermac S.r.l. (€40,331 thousand) and Naonis Wind S.r.l. (€8,787 thousand). The increase on the previous year is due to the project financing agreed by Enermac and Naonis in 2022 net of repayments made by Caomiolica S.r.l. on 30 December 2022.

A breakdown of current and non-current financial liabilities, the related interest rates and maturities is as follows:

(€'000)	31.12.21 December 2022			31.12.22 December 2022		Interest rate	IRS	Maturity
	Increase	Decrease						
2019-2025 green bonds	198,236	472	0	198,708	3.125%		n.a.	2025
2021-2027 green bonds	198,603	338	0	198,941	2.25%		n.a.	2027
2022-2028 green bonds	0	100,901	0	100,901	3.5%		n.a.	2028
Project financing - Albareto	16,708	0	(1,019)	15,689	6M Euribor + 1.95%		0.95%	2035
Project financing - Naonis	0	9,102	0	9,102	6M Euribor + 1.80%		1.90%	2039
Project financing - Enermac	0	41,868	0	41,868	6M Euribor + 1.80%		1.93%	2039
Project financing - Anemos Wind	0	14,501	0	14,501	6M Euribor + 1.55%		1.39%	2028
Project financing - Campidano	15,785	0	(8,881)	6,904	6M Euribor + 1.75%		(0.17%)	2023
Project financing - Comiolica	16,468	0	(16,468)	0	6M Euribor + 2.75%		0.43%	2026
Project financing - Eolica PM	41,635	0	(2,461)	39,174	6M Euribor + 1.95%		1.11%	2035
Project financing - Green Energy Sardegna	24,623	0	(1,512)	23,111	6M Euribor + 1.95%		1.23%	2035
Project financing - W.Energy Eood	240	0	(240)	0	DEG Base + 4.75%		n.a.	2022
Project financing - W.Power Eood	240	0	(240)	0	DEG Base + 4.75%		n.a.	2022
Project financing - W.Stream Eood	240	0	(240)	0	DEG Base + 4.75%		n.a.	2022
Project financing - W.System Eood	240	0	(240)	0	DEG Base + 4.75%		n.a.	2022
Project financing - Grottole	10,797	0	(7,567)	3,230	6M Euribor + 1.10%		0.19%	2023
Mortgage loan - Fucini4	0	3,815	0	3,815	6M Euribor + 1.6%		0.47%	2032
Bankinter loan	1,915	0	(805)	1,110	6M Euribor + 2.32%		n.a.	2024
Mediocredito 2020-2026 loan	4,002	0	(814)	3,188	3M Euribor + 1.8%		n.a.	2026
Bank loans and borrowings	19,018	0	(18,907)	111	1M Euribor + 1.0%		n.a.	on demand
Lease liabilities	45,519	0	(28,397)	17,122	Incremental borrowing rate 3.71%		n.a.	
Shareholder loan - non-controlling investors	12,422	0	(1,773)	10,649				
Other financial liabilities	4	0	(4)	0				
Total financial liabilities	606,695	170,997	(89,568)	688,124				
<i>including:</i>								
Current	52,709			38,598				
Non-current	553,986			649,526				

A breakdown of the above financing by individual project, residual liability (current and non-current), type, maturity, commitments, guarantees provided and significant covenants is set out below:

(€'000)				Associated financial liability				
Plant	Company	Installed capacity (consolidated) (MW)	Carrying amount of assets	Carrying amount of liabilities	Type	Maturity	Commitments and guarantees given to financial backers	Significant covenants
Callari (CT)	Callari S.r.l.	36.00	25,201	0	Proj. financing	Repaid	(*)	(**)
Ordonia (FG)	Ordonia S.r.l.	34.00	26,475	0	Proj. financing	Repaid	(*)	(**)
Castel di Lucio (ME)	Minerva S.r.l.	22.95	20,756	0	Quotaholder loan	Repaid	(ITG)	(ITG)
Licodia (CT)	Parco Eolico Licodia Eubea S.r.l.	22.10	21,976	0	Quotaholder loan	Repaid	(ITG)	(ITG)
San Marco in Lamis (FG)	Renergy San Marco S.r.l.	44.20	34,133	0	Quotaholder loan	Repaid	(ITG)	(ITG)
Agrigento (AG)	Wind Power Sud S.r.l.	33.15	31,573	0	Quotaholder loan	Repaid	(ITG)	(ITG)
Albanella (SA)	Eolo S.r.l.	8.50	3,597	0	Quotaholder loan	Repaid	(ITG)	(ITG)
Ciorlano (CE)	Dotto S.r.l.	20.00	11,132	0	Quotaholder loan	Repaid	(ITG)	(ITG)
Morcone-Pontelandolfo (BN)	Eolica PM S.r.l.	51.75	66,119	39,174	Proj. financing	1.11%	(*)	(**)
Villacidro (VS)	Green Energy Sardegna S.r.l.	30.80	35,916	23,111	Proj. financing	1.23%	(*)	(**)
Comiolica (Spain)	Comiolica S.L.	36.00	44,283	0	Proj. financing	0.43%	(*)	(**)
Albareto (PR)	Fri-El Albareto S.r.l.	19.80	26,620	15,689	Proj. financing	0.95%	(*)	(**)
Campidano (VS)	Fri-El Campidano S.r.l.	70.00	72,767	6,904	Proj. financing	(0.17%)	(*)	(**)
Regalbuto (EN)	Anemos Wind S.r.l.	50.00	30,782	14,501	Proj. financing	1.39%	(*)	(**)
Orta Nova (FG)	Enermac S.r.l.	51.00	56,639	41,868	Proj. financing	1.93%	(*)	(**)
Cerignola (FG)	Naonis Wind S.r.l.	10.95	11,362	9,102	Proj. financing	1.90%	(*)	(**)
Grottole (MT)	Fri-El Grottole	54.00	65,399	3,230	Proj. financing	0.19%	(*)	(**)
Ricigliano (SA)	Fri-El Ricigliano	36.00	18,577	0	Proj. financing	Repaid	(*)	(**)
Nulvi-Tergu (SS)	Fri-El Anglona	29.75	14,660	0	Proj. financing	Repaid	(*)	(**)
Krupen (1) (Bulgaria)	W.Energy Eood	3.00	2,089	0	Proj. financing	n.a.	(*)	(**)
Krupen (2) (Bulgaria)	W.Power Eood	3.00	2,205	0	Proj. financing	n.a.	(*)	(**)
Krupen (3) (Bulgaria)	W.Stream Eood	3.00	2,089	0	Proj. financing	n.a.	(*)	(**)
Krupen (4) (Bulgaria)	W.System Eood	3.00	2,089	0	Proj. financing	n.a.	(*)	(**)
		673.0	626,439	153,579				

(*) Main commitments and guarantees given: pledge on the quotas, pledge on bank current accounts, mortgage and lien

(**) Debt service cover ratio and debt to equity ratio.

(ITG) The parent purchased the SPEs' project financing at the bonds' issue date

The project financing agreements provide for the compliance with covenants typical of financial markets, in line with the market practice for similar agreements. Collateral given mainly relates to: i) liens on movable property; ii) first-degree mortgages on buildings; iii) pledges on loans, receivables and current accounts; and iv) pledges on the entire share capital.

The reporting-date current assets of the group companies participating in project financing schemes are set out below:

(€'000)	31.12.2022	Amounts relating to group companies that are parties to project financing agreements	31.12.2021	Amounts relating to group companies that are parties to project financing agreements
Trade receivables	27,405	11,944	38,263	18,203
Tax assets	3,089	1,681	2,989	7
Other current assets	31,702	7,193	35,192	7,736
<i>including: feed-in tariff</i>	<i>3,030</i>	<i>1,788</i>	<i>14,588</i>	<i>5,041</i>
Loans and other current financial assets	73,885	0	457	0
Cash and cash equivalents	226,609	63,713	123,652	38,960
CURRENT ASSETS:	362,690	84,531	200,553	64,906

Under the financing agreements, borrowers are required to comply with the following **affirmative** and **negative covenants**:

- the **affirmative covenants** include opening the project and VAT accounts, having own funds, signing an agreement with the national grid operator, signing insurance policies, appointing a project manager, safeguarding the plant, reporting any nullifying, terminating or withdrawing event, complying with the feed-in tariff decree in full, complying with the minimum level and granting the right of first refusal to the lending bank in the event of refinancing;
- the **negative covenants** comprise a ban on repaying shareholder loans (subject to the prior approval of the lending bank, should this prevent the entity from maintaining a debt to equity ratio at least equal to the contractually-defined ratio), discontinuing or changing the nature of business activities, pledging any of the project's assets and earmarking assets for a specific purpose.

The following table shows the **financial ratios** provided for in the project financing agreements, with which compliance was already required at the reporting date. They principally relate to the debt service cover minimum amount, which cannot fall below the sum of the principal repayments, fees and interest expense accruing between the various half-yearly calculation dates:

	DSCR (debt service cover ratio)
Project financing - Grottole	1.05
Project financing - New Green Molise	Repaid at 30 June 2022
Project financing - Green Energy Sardegna	1.05
Project financing - Eolica PM	1.05
Project finance - Fri-El Albareto	1.05
Project financing - Comiolica	Repaid at 31 December 2022
Project financing - Campidano	1.05
Project financing - Krupen	Repaid at 30 June 2022
Project financing - Anemos Wind	1.05
Project financing - Enermac	1.05

The above covenants had been complied with at 31 December 2022, the most recent calculation date.

With reference to the **2019-2025 bonds**, if, on each calculation date, the ratio of the financial indebtedness for reporting purposes net of derivatives to equity net of derivatives is higher than 2.5, the parent undertakes not to take on additional financial indebtedness for reporting purposes net of derivatives, unless this ratio is equal to or less than 2.5 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December 2019. The financial indebtedness for reporting purposes net of derivatives and equity net of derivatives shall be defined and calculated using the IFRS applicable at the date of each bond issue and already applied to prepare the 2019 annual financial report.

With reference to the **2021-2027 bonds** and the **2022-2028 bonds**, if, on each calculation date, the ratio of the financial indebtedness for reporting purposes net of derivatives to equity net of derivatives is higher than 3, the parent undertakes not to take on additional financial indebtedness for reporting purposes net of derivatives, unless this ratio is equal to or less than 3 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December of the year after that in which the bonds were issued. The financial indebtedness for reporting purposes net of derivatives and equity net of derivatives shall be defined and calculated using the IFRS applicable at the date of each bond issue and already applied to prepare the 2021 annual financial report.

Based on simulations, the parent is currently in compliance with the financial covenants of the bonds.

Lease liabilities of €15,978 thousand show the present value of the lease payments due after one year, recognised using the treatment required by IFRS 16. At 31 December 2021, they included €19,171 thousand related to the Regalbuto farm (Anemos Wind S.r.l.). This finance lease was terminated in advance on 15 May 2022 and replaced by a new project financing agreement (as described earlier).

Loans from non-controlling investors are those granted in connection with wind farm development projects. The caption mostly relates to SIMEST, which granted a loan of €9,851 thousand, net of transaction costs of €100 thousand, to support the Alerion Group's growth in Spain. Specifically, SIMEST invested €10 million, partly as a capital increase and partly as a shareholder loan, to support the group, through its local subsidiary, Alerion Spain, with the acquisition of Comiolica S.L.. Following the subscription of the capital increase of the Spanish holding company, SIMEST has a 49% interest in Alerion Spain, which is still controlled by the parent with its 51% stake. Since, based on its substance, this is a financing transaction and considering the existence of a put option that the counterparty can exercise, the group has considered SIMEST as a financial backer and has not presented non-controlling interests when consolidating Comiolica S.L..

19.DERIVATIVES

The group's derivatives amount to €11,807 thousand (€19,943 thousand at 31 December 2021). Their current portion of €2,164 thousand shows the cash flows due within one year and their non-current portion of €9,643 thousand shows future cash flows until the repayment of the project financing.

At 31 December 2022, the group's financing whose cash flows have been hedged are as follows:

Counterparty (group company) (€'000)	Hedged project financing	IRS notional amount	Derivative fair value at 31 December 2022	Through equity	Early termination and settlement of derivatives	Through profit or loss	IRS fair value at 31 December 2021
Banco BPM (Fucini)	3,815	3,850	538	538	0	0	0
Banco BPM (Anemos Wind)	14,501	10,378	520	520	0	0	0
Banco BPM (Campidano)	3,945	2,987	72	89	0	0	(17)
Banco BPM (Campidano # 2)	2,959	2,241	53	66	0	0	(13)
Unicredit (Green Energy Sardegna)	23,111	17,699	1,954	3,311	0	0	(1,357)
Unicredit (Eolica PM)	39,174	29,907	3,521	5,534	0	0	(2,013)
Unicredit (Enermac)	41,868	34,050	2,953	2,953	0	0	0
Unicredit (Naonis Wind)	9,102	6,975	629	629	0	0	0
Sabadel (Comiolica)	0	0	0	0	62	0	(62)
Unicredit (Grottole)	3,230	2,430	32	52	0	30	(50)
Unicredit (Fri-el Albareto)	15,689	12,196	1,535	2,205	0	1	(671)
IRS relating to project financing	157,394	122,713	11,807	15,897	62	31	(4,183)

Counterparty (group company) (€'000)	Commodity swaps	Swap notional amount (GWh)	Commodity swap fair value at 31 December 2022	Through equity	Early termination and settlement of derivatives	Through profit or loss	Swap fair value at 31 December 2021
Unicredit (Alerion Clean Power)	0	0	0	15,760	0	0	(15,760)
Commodity swaps	0	0	0	15,760	0	0	(15,760)
Derivatives relating to investments in consolidated companies			11,807	31,657	62	31	(19,943)
Related tax			(2,824)	(8,212)	(16)	4,390	1,014
Derivatives relating to investments in consolidated companies, net of related tax			8,983	23,445	46	4,421	(18,929)

Counterparty (group company) (€'000)	Hedged project financing	Derivative notional amount	Derivative fair value at 31 December 2022	Through equity	Early termination and settlement of derivatives	Through profit or loss	Derivative fair value at 31 December 2021
Equity-accounted investments							
Unicredit (Andromeda)*	3,407	3,088	110	157	0	1	(48)
Unicredit (Guardionara)*	2,033	1,813	55	75	0	0	(20)
B.I.I.S. (New Green Molise)*	0	0	0	0	874	0	(874)
Derivatives relating to equity- accounted investments	5,440	4,900	165	232	874	1	(942)
Related tax			(41)	(56)	(210)	0	225
Derivatives relating to equity- accounted investments, net of related tax			124	176	664	1	(717)

(*) Equity-accounted investments measured in accordance with IFRS 11

The group enters into interest rate swaps to manage the risk arising from changes in interest rates on its project financing agreed with several bank syndicates and, at the latter's request (a condition precedent of the project financing agreements), to convert the related interest rates from variable to fixed. At the reporting date, the group has agreed IRS with a notional amount of approximately €122,713 thousand, setting interest at an average IRS rate of approximately 4% over an average period of 15 years.

As already described in the section on financial risks, the group entered into commodity swaps to hedge electricity price risks, contain the effect of price volatility triggered by changes in the

electricity market on its profitability and stabilise the related cash flows generated by sales of electricity generated by its wind farms. The swaps provide for the conversion of the variable price (PUN) to a fixed price, calculated using a set notional volume. At the reporting date, the group does not have any swaps in place.

The fair value of the consolidated companies' interest rate swaps and commodity swaps amounts to €11,807 thousand (€19,943 thousand at 31 December 2021). The group measured their fair value using the discounted cash flow model. These derivatives are designated as cash flow hedges and their hedging relationship is effective. Therefore, their net fair value loss has been accumulated in equity. Any ineffective portion has been recognised in profit or loss.

The net fair value gain of €15,990 thousand on the consolidated companies' interest rate swaps hedging interest rate risk on project financing, mostly attributable to the reduction of €3,521 thousand in the liabilities for derivatives recognised in equity, principally as a result of financial market volatility in 2022 characterised by rapidly-increasing interest rates which gave rise to fair value gains as derivatives reflected the difference between the IRS rate curve and the forward rate curve.

The fair value of commodity swaps hedging energy prices increased by €15,760 thousand, which was recognised in full in profit or loss during the year with the result that the consolidated financial statements did not include these derivatives at the reporting date. The related pre-tax hedging reserve amounts to €8,377 thousand and entirely relates to swaps agreed during the year to hedge production of the first quarter of 2023. They were terminated in advance in December 2022 but the reserve continues to be recognised under equity until its release to profit or loss during the first quarter of 2023.

The fair value gain of €1,107 thousand on derivatives held by the equity-accounted investees was recognised directly in other comprehensive income (net of tax). The derivative liabilities of these investees totalled €165 thousand at the reporting date, compared to €717 thousand at 31 December 2021. The large decrease is due to both the rising interest rates during the year and the prepayment of project financing by New Green Molise S.r.l. and termination of the related derivative.

20. POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS

These amount to €1,180 thousand (€631 thousand at 31 December 2021) and include the actuarially-determined liability, in accordance with IAS 19.

(€'000)	31.12.2022	31.12.2021	Change
Post-employment benefits	1,180	631	549
Post-employment benefits and other employee benefits	1,180	631	549

The underlying actuarial assumptions are as follows:

Actuarial and economic assumptions

Calculation date	31/12/2022
Mortality rate	IPSS5 tables
Disability rate	INPS-2000 tables
Turnover rate	2.00%
Discount rate*	3.77%
Salary increase rate	1.00%
Advance payment rate	1.00%
Inflation rate	3.00%

The group has 131 employees at the reporting date, broken down as follows:

	31.12.2021	Increases	Decreases	31.12.2022	Average
Managers	2	2	0	4	3.5
Junior managers and white collars	44	46	(13)	77	63.0
Blue collars	0	56	(6)	50	32.0
Total employees	46	104	(19)	131	98.5

The employees' average age and education are as follows:

	Average age		University graduates	
	31.12.2021 December 2022	31 December 2022	31.12.2021 December 2022	31 December 2022
Managers	54	50	2	4
Junior managers and white collars	41	38	19	50
Blue collars	0	33	0	0
Average	47.5	40.3	21	54

21. PROVISIONS FOR FUTURE RISKS AND CHARGES

(€'000)	31.12.2022	31.12.2021	Change
Provision for taxes and tax disputes	6,404	6,825	(421)
Provision for legal disputes	37,705	37,789	(84)
Provisions for other risks	11,570	11,327	243
Total provisions for future risks and charges	55,679	55,941	(262)

Changes in the **provisions for future risks and charges** are set out below:

(€'000)	Provision for taxes and tax disputes	Provision for legal disputes	Provisions for other risks	Total
31 December 2021	6,825	37,789	11,327	55,941
Accruals	353	25	1,797	2,175
Utilisations/releases	(774)	(109)	(1,554)	(2,437)
31 December 2022	6,404	37,705	11,570	55,679

The **provision for taxes and tax disputes** covers the increase of €6,404 thousand (€6,825 thousand at 31 December 2021) in the local property tax (ICI/IMU) as recalculated by the local tax authorities mainly on the basis of their redetermination of property income rates.

The **provision for legal disputes** covers the legal costs of pending disputes, based on risk estimates updated at the reporting date.

The provision mostly relates to the proceedings commenced by the parent aimed at declaring the nullity of commodity swaps entered into to hedge energy price risk. The provision reflects the maximum risk with a corresponding decrease in revenue from electricity sales (more information is available in note 38).

The provision for other risks mainly includes:

- plant decommissioning costs of €4,625 thousand (€5,260 thousand at 31 December 2021). The group accrued €262 thousand for decommissioning costs related to the wind farms of Enermac S.r.l. and Naonis S.r.l., which became operational during the year. As required by IAS 16 and IAS 37 on the recognition of decommissioning costs for wind farms, the group decreased the related provision by €987 thousand as a balancing entry to the smaller balance of property, plant and equipment linked to the rise in the discount rates;
- the provision for the Spanish operating company Comiolica of €4,820 thousand (€4,000 thousand at 31 December 2021), calculated on the income established by Spanish law for wind farms and recognised under other revenue in the statement of profit or loss;

More information about legal disputes is available in note 38 "LEGAL DISPUTES".

22. OTHER NON-CURRENT LIABILITIES

These amount to €15,879 thousand (€14,409 thousand at 31 December 2021) and include the deferred grants received under Law no. 488/92 and the regional operational programme for the construction of the Albanella, Agrigento, Campidano, Ricigliano, Grottole and Anglona wind farms, respectively.

(€'000)	31.12.2022	31.12.2021	Change
Sundry liabilities	15,879	14,409	1,470
Total other non-current liabilities	15,879	14,409	1,470

CURRENT LIABILITIES

23.CURRENT FINANCIAL LIABILITIES

(€'000)	31.12.2022	31.12.2021	Change
Loans and borrowings and bank facilities	34,075	44,993	(10,918)
Accrued interest on bonds	3,124	938	2,186
Operating lease liabilities	1,144	1,214	(70)
Finance lease liabilities	0	5,307	(5,307)
Loans from non-controlling investors	255	257	(2)
Total current financial liabilities	38,598	52,709	(14,111)

Loans and borrowings and bank facilities amount to €34,075 thousand. The decrease is mostly due to repayment of credit facilities by the parent (€18,900 thousand at 31 December 2021). The current balance of €21,883 thousand relates to the current portion of project financing associated with the wind farms owned by: i) Eolica PM S.r.l. (€2,768 thousand); ii) Fri-El Campidano S.r.l. (€6,903 thousand); iii) Anemos Wind (€14,501 thousand); iv) Green Energy Sardegna S.r.l. (€1,626 thousand); v) Fri-El Albareto S.r.l. (€1,121 thousand); vi) Fri-El Grottole S.r.l. (€3,230 thousand); and vii) Enermac and Naonis (€1,852 thousand). Anemos Wind's project financing has been reclassified to current financial liabilities (€14,501 thousand) due to its non-compliance with the debt to equity ratio covenant at the reporting date. The caption also includes the current portion of the parent's corporate loan from Bankinter (€831 thousand) and its loan from Mediocredito (€829 thousand).

Accrued interest on bonds amounts to €3,124 thousand and shows the unpaid interest accrued during the year on the 2019-2025 bonds subscribed on 19 December 2019 and on the two new bond issues placed by the group (the 2021-2027 issue of 3 November 2021 and the 2022-2028 issue of 17 May 2022). The increase in the year is due to the accrued unpaid interest.

Lease liabilities of €1,144 thousand (€6,521 thousand at 31 December 2021) show the present value of the lease payments due within one year recognised using the treatment required by IFRS 16. At 31 December 2021, the caption included the finance lease for the Regalbuto wind farm redeemed in the first half of 2022 (€5,307 thousand).

24.TRADE PAYABLES

Trade payables amount to €45,571 thousand (€14,175 thousand at 31 December 2021) and are due to suppliers. They do not bear interest and are usually settled within 60 days. The increase is mostly due to the introduction of measures in 2022 to counter the soaring energy

prices (see the section on the legislative framework in the directors' report), which led to the recognition of higher costs, reducing revenue due to the application of the price cap mechanism for wind farms that still qualify for the feed-in tariff scheme and the two-way compensation mechanism for wind farms that are no longer eligible.

25. TAX LIABILITIES

Tax liabilities amount to €59,060 thousand (€8,670 thousand at 31 December 2021) and mainly relate to corporate income taxes (IRES), of which €12.8 million for the domestic tax consolidation scheme. The increase in this caption is due to the introduction of measures to counter the soaring energy prices by the 2023 budget act (see the section on the legislative framework in the directors' report), which entailed the recognition of higher taxes of €28,800 thousand, mostly in conjunction with the contribution under article 1.115 and following articles.

(€'000)	31.12.2022	31.12.2021	Change
IRAP	4,180	2,578	1,602
Substitute tax	880	1,269	(389)
IRES	25,200	4,823	20,377
Sundry tax liabilities	28,800	0	28,800
Total tax liabilities	59,060	8,670	50,390

26. OTHER CURRENT LIABILITIES

(€'000)	31.12.2022	31.12.2021	Change
Employees and directors	930	440	490
Taxes	1,103	1,884	(781)
Social security charges payable	429	232	197
Sundry liabilities	10,183	11,105	(922)
Total other current liabilities	12,645	13,661	(1,016)

Sundry liabilities mainly relate to:

- agreements with municipal authorities (€3,760 thousand);
- deferred grants related to assets recognised by the subsidiaries Eolo S.r.l., WPS S.r.l., Fri-El Ricigliano S.r.l., Fri-El Grottole S.r.l. and Fri-El Anglona S.r.l. (€694 thousand).

Sundry liabilities do not bear interest and are usually settled every 12 months.

Reference should be made to the note to "Related party and intragroup transactions" for information on the relevant terms and conditions.

27. FINANCIAL INDEBTEDNESS FOR REPORTING PURPOSES OF CONTINUING OPERATIONS

(€'000)		31.12.2022	31.12.2021
Cash and cash equivalents			
Cash	16	15	18
Cash equivalents	16	226,594	123,634
Total cash and cash equivalents	16	226,609	123,652
Loans and other current financial assets	15	76,049	457
Liquidity		302,658	124,109
Current financial liabilities			
Bank facilities	23	(111)	(19,018)
Derivatives	19	0	(15,760)
Current loans and borrowings	19 23	(111)	(34,778)
Bank loans and borrowings and project financing	23	(33,964)	(25,975)
Lease liabilities	23	(1,144)	(1,214)
Finance lease liabilities	23	0	(5,307)
Derivatives	19	0	(1,142)
Accrued interest on bonds	23	(3,124)	(938)
Other loans and borrowings	23	(255)	(257)
Current portion of non-current loans and borrowings	23	(38,487)	(34,833)
Current financial debt	19 23	(38,598)	(69,611)
NET CURRENT FINANCIAL POSITION		264,060	54,498
Non-current financial liabilities			
Bank loans and borrowings and project financing	18	(127,736)	(106,920)
Other loans and borrowings	18	(10,386)	(12,167)
Lease liabilities	18	(15,978)	(19,827)
Finance lease liabilities	18	0	(19,171)
Derivatives	19	0	(3,041)
Non-current loans and borrowings	18 19	(154,100)	(161,126)
Bonds issued	18	(495,426)	(395,901)
Debt instruments	18	(495,426)	(395,901)
Trade payables and other non-current liabilities		0	0
NON-CURRENT FINANCIAL DEBT	18 19	(649,526)	(557,027)
FINANCIAL INDEBTEDNESS*		(385,466)	(502,529)
* Financial indebtedness calculated as per the ESMA32-382-1138 Guidelines			
FINANCIAL COVENANTS provided for by financing agreements			
FINANCIAL INDEBTEDNESS FOR REPORTING PURPOSES net of derivatives		(379,625)	(475,410)

Reference should be made to the relevant notes for comments on the individual captions.

STATEMENT OF PROFIT OR LOSS

28. REVENUE

2022 **revenue** amounts to €263,308 thousand (€148,552 thousand in 2021), up 77.2% thanks to the higher average sales prices of the year only partly offset by the reduction in the unit value of the feed-in tariff in Italy (from €109.4 to €42.9 per MWh). A breakdown of the caption is as follows:

- electricity sales: €234,431 thousand (€78,482 thousand in 2021);
- feed-in tariff: €28,877 thousand (€70,070 thousand in 2021).

Average selling price

The average 2022 selling price of electricity from wind farms under the feed-in tariff (FIP, formerly "green certificates") scheme is €298.3/MWh, compared to €230.4/MWh in 2021. Specifically:

- the average selling price of electricity from wind farms that still benefit from the feed-in tariff scheme is €255.5/MWh compared to €121.0/MWh in 2021;
- the average 2022 feed-in tariff is €42.9/MWh (€109.4/MWh in 2021);
- the Villacidro, Morcone-Pontelandolfo and Albareto wind farms benefit from a minimum guaranteed auction price (pursuant to the Ministerial decree of 23 June 2016) of €66/MWh.

The average 2022 selling price of the Krupen plant in Bulgaria was approximately €149.84/MWh. In particular, in Bulgaria, the feed-in tariff scheme changed from a fixed price to a variable price scheme in June 2019. Electricity generated is sold on the open market via traders at the highest trading price and the regulator subsequently pays an additional premium (calculated every six months) for each MWh generated.

As already described in the section on financial risks, in 2022, the group entered into commodity swaps to hedge electricity price risks, contain the effect of price volatility triggered by changes in the electricity market on its profitability and stabilise the related cash flows generated by sales of electricity generated by its wind farms. The swaps provide for the conversion of the variable price (PUN) to a fixed price, calculated using a set notional volume. At the reporting date, the variable price was on average higher than the fixed price, generating costs of €15,102 thousand which have been offset directly against revenue from electricity sales. The group does not have commodity swaps hedging energy prices at year end.

2022 revenue reflects an estimated cost of around €26,197 thousand due to the Italian authorities' introduction of extraordinary measures to counter the surging energy costs in 2022. The government approved the "Sostegni ter" decree law which decreased the group's revenue by €20,956 thousand while the 2023 budget act introduced a market cap of €180/MWh applicable from December 2022 reducing the group's revenue by another €5,601 thousand.

29. OTHER REVENUE AND INCOME

2022 **other revenue and income** amount to €10,437 thousand (€5,172 thousand in 2021) and mainly relate to:

- administrative and technical consultancy services to equity-accounted investees (€1,330 thousand compared to €919 thousand in 2021);
- the release of provisions for €862 thousand; in 2021, the group recognised the effects of the new estimate of the decommissioning costs of the operating wind farms, which based on technical appraisals prepared by sector experts led to the recognition of income of €2.8 million;
- insurance compensation for non-production (€1,401 thousand compared to €861 thousand in 2021) recognised in profit or loss when its receipt is certain;
- grants received under Law no. 488/92 and the regional operational programme for the construction of the Albanella, Agrigento, Campidano, Ricigliano, Grottolo and Anglona wind farms (€1,291 thousand unchanged from 2021).

The difference compared to the previous year is due to the inclusion of Alerion Service S.r.l. in the consolidation scope. This company provides operation and maintenance services to the group's wind farms under contracts agreed with the operating companies in line with market practices. The increase in the caption is also due to the significantly smaller accrual calculated on the expected income under Spanish law for wind farms.

30. OPERATING COSTS

(€'000)	2022	2021	Change
Operating costs			
Personnel expenses	6,190	2,940	3,250
BoD and corporate costs	2,120	1,859	261
Consultancies	6,506	5,360	1,146
Insurance	3,455	2,426	1,029
Maintenance	16,052	14,659	1,393
Royalties and leases	5,337	2,840	2,497
IMU	1,145	1,175	(30)
Other production and unbalancing costs	572	402	170
Other costs	6,698	4,162	2,536
Other operating costs	41,885	32,883	9,002
Accruals to provisions for risks	550	168	382
Accruals to provisions for risks	550	168	382
Total operating costs	48,625	35,991	12,634

Operating costs increased by €12,634 thousand, mostly due to the higher cost of consultancies (€1,146 thousand) and royalties and leases (€2,497 thousand).

BoD and corporate costs increased to €2,120 thousand from €1,859 thousand in 2021.

Consultancies increased by €1,146 thousand to €6,506 thousand, mostly due to tax and legal advice received in respect of the activities to develop the business in Italy and Romania.

Maintenance costs of €16,052 thousand (€14,659 thousand in 2021) increased due to the inclusion of Alerion Service in the consolidation scope. They include the day-to-day servicing and non-routine maintenance costs of the in-scope operating plants.

Personnel expenses are broken down below:

(€'000)	2022	2021	Change
Wages and salaries	4,412	2,088	2,324
Social security contributions	1,257	653	604
Post-employment benefits	192	117	75
Other personnel expenses	329	82	247
Total personnel expenses	6,190	2,940	3,250

31.AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

(€'000)	2022	2021	Change
Amortisation	11,551	10,891	660
Depreciation	31,434	30,075	1,359
Total amortisation, depreciation and impairment losses	42,985	40,966	2,019

The increase in this caption to €42,985 thousand is entirely due to the depreciation of the operating wind farms (€40,966 thousand in 2021) and, specifically, the wind farms in Cerignola in the province of Foggia that became operational during the year.

Depreciation of right-of-use assets recognised in accordance with IFRS 16 (land and buildings) amounts to €1,280 thousand for the year.

In 2019, the group revised the estimated useful life of its wind turbines, changing the depreciation rate so they have residual economic lives of 25 years.

32.FINANCIAL INCOME (EXPENSE)

Financial income and expense are broken down in the following table:

(€'000)	2022	2021	Change
Financial income:			
bank interest	28	19	9
fair value gains on derivatives	798	21	777
financial income from third parties	1,542	368	1,174
other financial income	11	84	(73)
Total financial income	2,379	492	1,887
Financial expense:			
interest on bonds	(12,709)	(16,489)	3,780
interest and financial expense	(7,322)	(6,062)	(1,260)
other financial expense	(830)	(260)	(570)
Total financial expense	(20,861)	(22,811)	1,950
Net financial expense	(18,482)	(22,319)	3,837

Financial income

Fair value gains on derivatives show the fair value gains of €798 thousand on derivatives that do not qualify for hedge accounting at the reporting date. The group's objective is to limit variations in borrowing costs that affect profit or loss, by containing the risk of a potential increase in interest rates. To this end, the group usually enters into interest rate swaps with third parties, intended to establish or limit changes in cash flows due to market variations in the interest rates applied to the group's non-current loans and borrowings. At each reporting date, the group assesses the effectiveness of its hedges.

Financial expense

Financial expense amounts to €20,861 thousand (€22,811 thousand in 2021) and includes **short-term bank interest and charges** of €7,322 thousand and **interest on bonds** of €12,709 thousand. The **other financial expense** of €830 thousand comprises lease interest expense recognised in accordance with IFRS 16 and exchange rate losses.

The reduction in **financial expense** is mostly a result of the greater expense recognised in 2021 on the early redemption of the 2018-2024 bonds on 17 November 2021.

33.NET GAINS (LOSSES) ON EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

Net gains on equity investments amount to €107 thousand (net losses of €72 thousand in 2021) and mostly relate to the gains and losses on loans agreed with the non-controlling investors of companies that the group does not fully control.

34.INCOME TAXES

Income taxes are broken down in the following table:

€'000	2022	2021	Change
-------	------	------	--------

Current taxes	(98,158)	(14,868)	(83,290)
Change in deferred tax assets due to the occurrence and reversal of temporary differences	(6,914)	(257)	(6,657)
Change in deferred tax liabilities due to the occurrence and reversal of temporary differences	6,814	(3,160)	9,974
Income taxes	(98,258)	(18,285)	(79,973)

Current taxes of €98,158 include:

- the adverse effect of applying article 37 of Law no. 21 of 21 March 2022 (the levy on extra profits), amended by Decree law no. 50 of 17 May 2022 (the "Aiuti" decree), which introduced the windfall tax imposed on energy companies (€25,934 thousand). The estimated effect for 2022 relates to 12 consolidated group companies;
- the adverse effect of applying article 1.115 of Law no. 197 of 29 December 2022 on the temporary solidarity contribution, calculated by applying a ratio of 50% to the total profits achieved in 2022 in excess of the average profits for the four previous years (€28,800 thousand). The estimated effect for 2022 relates to 15 consolidated companies.

These amounts form part of the group's current taxes as they fall under the scope of IAS 12.

The adverse effect of the two decree laws on the equity-accounted investees is €9,880 thousand (the group's share) and had a negative effect on the group's share of their profits.

Deferred taxes

A breakdown of deferred taxes is set out below:

€'000	Statement of financial position			Profit or loss	OCI and other changes	Profit or loss
	31/12/2022	31/12/2021	Change	2022		2021
(A) Deferred tax liabilities						
Discounting of post-employment benefits	8	11	(3)	0	(3)	0
Non-taxable dividends and amortisation and depreciation	(2,991)	(3,895)	904	904	0	(930)
Initial application of IFRS 16 to finance leases	(3,091)	(2,884)	(207)	(207)	0	(958)
Intragroup eliminations	(144)	(144)	0	0	0	(18)
Business combination (IFRS 3)	(27,480)	(29,201)	1,721	1,721	0	1,721
Derivatives	(4,062)	(3,288)	(774)	4,397	(5,171)	(3,590)
Adjustments for compliance with group accounting policies	(3,380)	(3,253)	(127)	(1)	(126)	615
Total (A)	(41,140)	(42,654)	1,514	6,814	(5,300)	(3,160)
(B) Deferred tax assets						
Accruals to provisions for risks, amortisation and depreciation	12,753	12,928	(175)	(175)	0	8,309
Derivatives	1,300	4,364	(3,064)	2,337	(5,401)	(1,049)
Consolidation adjustments to comply with the group's accounting policies	(683)	206	(889)	(1,418)	529	(1,677)
Non-deductible portion of net interest expense	(75)	7,700	(7,775)	(7,775)	0	(5,792)
Initial application of IFRS 16 to operating leases	270	234	36	36	0	71
Intragroup eliminations	993	1,053	(60)	(60)	0	(217)
Unused tax losses offsettable against future taxable profits	9	112	(103)	(103)	0	55
Other deductible temporary differences	19,938	19,694	244	244	0	43
Total (B)	34,505	46,291	(11,786)	(6,914)	(4,872)	(257)
Net deferred tax assets (liabilities)	(6,635)	3,637	(10,272)	(100)	(10,172)	(3,417)
Current taxes				(98,158)		(14,868)
Total income taxes				(98,258)		(18,285)

Deferred tax assets and liabilities

The net difference of €10,272 thousand was partly recognised in equity (€10,172 thousand) and partly in profit or loss (€100 thousand). The significant reduction is mostly due to recovery of excess interest expense during the year.

Deferred tax liabilities principally relate to intangible assets acquired as part of business combinations, non-taxable dividends, amortisation and depreciation and finance leases.

Deferred tax assets mainly relate to:

- the tax benefit of future deductible higher amortisation arising on the revaluation of assets in the group companies' financial statements at 31 December 2020 to align their tax base for consolidation purposes with that in the group companies' financial statements;
- temporary differences arising from the recognition of provisions for risks (Alerion Clean Power S.p.A. and Alerion Real Estate S.r.l. in liquidation);
- the non-deductible portion of net interest expense which the group is reasonably certain will be recovered in future years under article 96 of the Italian Consolidated Income Tax Act;
- temporary differences arising from intragroup eliminations and mainly relating to borrowing costs on intragroup loans that the subsidiaries have capitalised in their financial statements.

Current taxes

The reconciliation between the theoretical and effective tax expense is presented below:

€'000	Italy	Abroad	Total
Tax base	165,172	6,278	171,450
Theoretical tax	46,830	3,779	50,609
Permanent differences	(6,690)	0	(6,690)
Temporary differences	(39)	0	(39)
Use of carryforward tax losses	(189)	0	(189)
ACE (Aid for economic growth) deduction	(267)	0	(267)
Contributions for soaring energy prices	54,734	0	54,734
Effective current tax	94,379	3,779	98,158
Effective current tax %	57%	60%	57%
Deferred tax assets and liabilities	379	(280)	99
Income taxes	94,758	3,499	98,257

35.EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit or loss for the year attributable to the owners of the parent by the weighted average number of shares outstanding during the year, net of the treasury shares repurchased by the parent during the year.

The information used to calculate basic and diluted earnings per share is as follows:

€'000	2022	2021
Profit from continuing activities attributable to the holders of ordinary shares	73,193	50,219
Profit attributable to non-controlling interests	2,153	1,481
Profit attributable to the owners of the parent	71,040	48,738

Number of outstanding shares

	2022	2021
Number of outstanding shares	54,229,403	54,229,403
Treasury shares at the reporting date	289,437	225,356
Weighted average of outstanding shares	53,992,533	54,120,030

Earnings per share

(Euro)	2022	2021
Earnings per share	1.32	0.90

36.SEGMENT REPORTING

IFRS 8 requires the identification of reportable operating segments, on the basis of information regularly used by managers to allocate resources to and assess the performance of the operating segments. The group's activities are concentrated in the wind power segment.

The information on the identified business segments, **operating** and **holding**, is presented below, including on the basis of management reporting.

A breakdown of revenue by geographical segment is provided even though the group mostly operates in Italy with only a tiny part of its business being performed abroad (the Krupen plant in Bulgaria and the Comiolica plant in Spain).

Business segments: Revenue
Revenue by geographical segment

	2022		2021	
	(€'000)	% of total	(€'000)	% of total
Italy - Islands	116,076	43%	93,721	62%
Italy - Mainland	123,541	47%	39,719	27%
Spain	16,368	6%	12,680	9%
Bulgaria	5,647	2%	2,432	2%
Romania	1,676	2%	0	0%
Revenue	263,308	100%	148,552	100%

Business segments: Statement of financial position

Statement of financial position

	Operating business segment		Holding business segment		Consolidated figures	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
(€'000)						
NON-CURRENT ASSETS						
Intangible assets	197,791	201,266	0	0	197,791	201,266
Property, plant and equipment	531,461	483,072	11,919	7,451	543,380	490,523
Loans, equity investments and other non-current financial assets	70,874	65,010	3,373	3,812	74,247	68,822
Other non-current assets	22,928	32,987	12,792	14,251	35,720	47,238
TOTAL NON-CURRENT ASSETS	823,054	782,335	28,084	25,514	851,138	807,849
CURRENT ASSETS						
Inventories	8,284	0	0	0	8,284	0
Loans, equity investments and other current financial assets	2,063	434	73,986	23	76,049	457
Other current assets	52,199	74,645	9,997	1,799	62,196	76,444
Cash and cash equivalents	95,921	71,507	130,688	52,145	226,609	123,652
TOTAL CURRENT ASSETS	158,467	146,586	214,671	53,967	373,138	200,553
TOTAL ASSETS	981,521	928,921	242,755	79,481	1,224,276	1,008,402
EQUITY	144,190	221,512	160,808	10,111	304,998	231,623
NON-CURRENT LIABILITIES						
Financial liabilities	137,442	146,494	512,084	410,533	649,526	557,027
Other non-current liabilities	68,851	70,031	45,027	43,604	113,878	113,635
TOTAL NON-CURRENT LIABILITIES	206,293	216,525	557,111	454,137	763,404	670,662
CURRENT LIABILITIES						
Financial liabilities	32,948	31,880	5,651	37,732	38,598	69,611
Other current liabilities	83,828	26,619	33,448	9,887	117,276	36,506
TOTAL CURRENT LIABILITIES	116,776	58,499	39,099	47,619	155,874	106,117
Intra-segment financing	514,262	432,385	(514,262)	(432,385)	0	0
TOTAL LIABILITIES	837,331	707,409	81,948	69,371	919,278	776,779
TOTAL EQUITY AND LIABILITIES	981,521	928,921	242,755	79,481	1,224,276	1,008,402

Business segments: Statement of profit or loss

Statement of profit or loss

	Operating business segment		Holding business segment		Consolidated figures	
	2022	2021	2022	2021	2022	2021
(€'000)						
Revenue	263,308	148,552	0	0	263,308	148,552
Other revenue and income	5,399	4,105	5,038	1,067	10,437	5,172
TOTAL REVENUE AND INCOME	268,707	152,657	5,038	1,067	273,745	153,724
Operating costs						
Personnel expenses	214	263	5,976	2,677	6,190	2,940
Other operating costs	32,289	26,124	9,596	6,759	41,885	32,883
Accruals to provisions for risks	103	103	447	65	550	168
<i>Cost of intra-segment transactions</i>	<i>21,067</i>	<i>4,421</i>	<i>(21,067)</i>	<i>(4,421)</i>	<i>0</i>	<i>0</i>
Operating costs	53,673	30,911	(5,048)	5,080	48,625	35,991
Share of profits of equity-accounted investees	7,691	14,128	0	0	7,691	14,128
Amortisation, depreciation and impairment losses	42,255	40,869	730	97	42,985	40,966
OPERATING PROFIT (LOSS)	180,470	95,005	9,356	(4,110)	189,826	90,895
Net financial income and net gains (losses) on equity investments	(13,581)	(16,167)	(4,794)	(6,224)	(18,375)	(22,391)
PROFIT (LOSS) BEFORE TAX	166,889	78,838	4,562	(10,334)	171,451	68,504
Income tax					(98,258)	(18,285)
PROFIT FROM CONTINUING OPERATIONS					73,193	50,219
PROFIT FOR THE YEAR					73,193	50,219
Profit attributable to non-controlling interests					2,153	1,481
PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT					71,040	48,738

Operating business segment:

Revenue from electricity production amounts to €263,308 thousand (€148,552 thousand in 2021), up 77.2% thanks to the higher average selling prices only partly offset by the reduction in the unit value of the feed-in tariff in Italy (from €109.4/MWh to €42.9/MWh). These results were achieved despite the rise in the average selling price of electricity during the year which was only countered by a downturn in the sales price related to green certificates.

Operating profit amounts to €180,470 thousand (€95,005 thousand in 2021) after amortisation, depreciation and impairment losses of €42,255 thousand (€40,869 thousand in 2021).

Property, plant and equipment and intangible assets amount to €729,252 thousand. The €44,914 thousand increase on 31 December 2021, net of depreciation and amortisation for the year, is mostly due to the change in the consolidation scope after the acquisition of the SPEs in Romania.

Holding business segment:

At 31 December 2022, the holding business segment mainly comprises holding company advisory service activities, which are considered marginal compared to the electricity production business.

The increase in Property, plant and equipment is due to the incorporation of Fucini 4 S.r.l. by the parent on 13 July 2021. On 20 October 2021, Fucini 4 S.r.l. purchased a building at Via Fucini 4, Milan, to be renovated and maintained.

37. RELATED PARTY AND INTRAGROUP TRANSACTIONS

In accordance with the Consob communications of 20 February 1997, 27 February 1998, 31 December 1998, 31 December 2002 and 27 July 2006, as well as subsequent Regulation no. 17221 of 12 March 2010 on related party transactions, as amended, it is noted that the group's related party transactions were not atypical, unusual, unrelated to normal business operations or detrimental to the group's financial position, financial performance and cash flows.

The related party transactions carried out fall within ordinary operations, as part of each party's core business, and are governed by market conditions.

All intragroup balances and material intragroup transactions have been eliminated when preparing the consolidated financial statements at 31 December 2022, as have profits and losses arising from intragroup trading and financial transactions not yet realised with third parties.

The related party transactions balances are presented below. They mostly relate to administrative and technical consultancy services provided to third parties and equity-accounted investees which amount to €3,137 thousand recognised as "Other revenue and income" (€406 thousand in 2021) and €202 thousand as "Net gains on equity investments".

The related party disclosures required by IAS 24 and Consob communication no. 6064293 of 28 July 2006 are provided below:

(€'000)	Revenue	Costs	Assets	Liabilities
Existence of significant influence:				
Equity-accounted investees:				
Ecoenergia Campania S.r.l.	120	0	451	0
New Green Molise S.r.l.	557	0	7,974	0
Bioenergia S.r.l.	2	0	63	0
Generai S.r.l.	3	0	70	0
Parco Eolico Santa Croce del Sannio House S.r.l.	1	6	20	9
Andromeda Wind S.r.l.	0	0	0	0
Fri-El Anzi Holding S.r.l.	0	0	0	0
Fri-El Guardionara S.r.l.	0	0	0	0
Total equity-accounted investments	683	6	8,578	9
Related parties:				
Fri-El Green Power Group	82,877	4,815	9,961	1,099
Wind Development S.r.l.	0	72	0	1,843
Simest S.p.A.	0	423	0	10,164
Total related parties	82,877	5,310	9,961	13,106
Total	83,560	5,316	18,539	13,115

Revenue of €2,655 thousand with the Fri-El Group mostly relates to i) recharges for employees of Alerion Servizi Tecnici e Sviluppo S.r.l.; and ii) wind farm operation and maintenance services provided by Alerion Service.

Costs of €4,815 thousand with the Fri-El Group principally relate to: i) day-to-day plant servicing (€4,650 thousand); and ii) asset management services (€165 thousand). Contracts for the latter services provide for the management of commercial services and the sale of electricity, routine

technical management of the wind farms, remote control and analysis of data sent by the wind farms and security assistance.

(€'000)	Equity-accounted investees								Related parties			Total
	New Green Molise S.r.l.	Ecoenergia Campania S.r.l.	Bioenergia S.r.l.	Generai S.r.l.	Parco Eolico Santa Croce del Sannio House S.r.l.	Andromeda Wind S.r.l.	Fri-El Anzi S.r.l.	Fri-El Guardionara S.r.l.	Group Fri-El Green Power Group	Wind Development S.r.l.	Simest S.p.A.	
Trade receivables	220	0	0	0	0	0	0	0	9,962	0	0	10,182
<i>total trade receivables</i>	27,405	27,405	27,405	27,405	27,405	27,405	27,405	27,405	27,405	27,405	27,405	27,405
percentage	0.8%	0%	0%	0%	0%	0%	0%	0%	36.3%	0%	0%	37.2%
Other assets	3,818	451	0	0	0	0	0	0	0	0	0	4,269
<i>total other current assets</i>	31,702	31,702	31,702	31,702	31,702	31,702	31,702	31,702	31,702	31,702	31,702	31,702
percentage	12.0%	1.4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	13.5%
Current loans	1,000	0	0	0	0	0	0	0	0	0	0	1,000
<i>total current loans</i>	73,885	73,885	73,885	73,885	73,885	73,885	73,885	73,885	73,885	73,885	73,885	73,885
percentage	1.4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1.4%
Non-current loans	2,936	0	63	70	20	0	0	0	0	0	0	3,089
<i>total non-current loans</i>	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005
percentage	36.7%	0%	0.8%	0.9%	0.2%	0%	0%	0%	0%	0%	0%	38.6%
Non-current financial liabilities	0	0	0	0	0	0	0	0	0	0	9,951	9,951
<i>total non-current financial liabilities</i>	649,526	649,526	649,526	649,526	649,526	649,526	649,526	649,526	649,526	649,526	649,526	649,526
percentage	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1.5%	1.5%
Other non-current liabilities	0	0	0	0	0	0	0	0	0	1,620	0	1,620
<i>total other non-current liabilities</i>	15,879	15,879	15,879	15,879	15,879	15,879	15,879	15,879	15,879	15,879	15,879	15,879
percentage	0%	0%	0%	0%	0%	0%	0%	0%	0%	10.2%	0%	10.2%
Current financial liabilities	0	0	0	0	0	0	0	0	0	0	213	213
<i>total current financial liabilities</i>	38,598	38,598	38,598	38,598	38,598	38,598	38,598	38,598	38,598	38,598	38,598	38,598
percentage	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.8%	0.8%
Trade payables	0	0	0	0	9	0	0	0	372	223	0	604
<i>total trade payables</i>	45,571	45,571	45,571	45,571	45,571	45,571	45,571	45,571	45,571	45,571	45,571	45,571
percentage	0%	0%	0%	0%	0.0%	0%	0%	0%	0.8%	0.5%	0%	1.3%
Tax liabilities	0	0	0	0	0	0	0	0	0	0	0	0
<i>total tax liabilities</i>	59,060	59,060	59,060	59,060	59,060	59,060	59,060	59,060	59,060	59,060	59,060	59,060
percentage	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other current liabilities	0	0	0	0	0	0	0	0	721	0	0	721
<i>total other current liabilities</i>	12,645	12,645	12,645	12,645	12,645	12,645	12,645	12,645	12,645	12,645	12,645	12,645
percentage	0%	0%	0%	0%	0%	0%	0%	0%	5.7%	0%	0%	5.7%
Provisions for future risks and charges	0	0	0	0	0	0	0	0	6	0	0	6
<i>total provisions for future risks and charges</i>	55,679	55,679	55,679	55,679	55,679	55,679	55,679	55,679	55,679	55,679	55,679	55,679
percentage	0%	0%	0%	0%	0%	0%	0%	0%	0.0%	0%	0%	0.0%
Electricity sales	0	0	0	0	0	0	0	0	80,221	0	0	80,221
<i>total electricity sales</i>	234,431	234,431	234,431	234,431	234,431	234,431	234,431	234,431	234,431	234,431	234,431	234,431
percentage	0%	0%	0%	0%	0%	0%	0%	0%	34.2%	0%	0%	34.2%
Other revenue and income	362	120	0	0	0	0	0	0	2,655	0	0	3,137
<i>total other revenue and income</i>	10,437	10,437	10,437	10,437	10,437	10,437	10,437	10,437	10,437	10,437	10,437	10,437
percentage	3.5%	1.1%	0%	0%	0%	0%	0%	0%	25.4%	0%	0%	30.1%
Other operating costs	0	0	0	0	6	0	0	0	4,815	72	0	4,893
<i>total other operating costs</i>	41,885	41,885	41,885	41,885	41,885	41,885	41,885	41,885	41,885	41,885	41,885	41,885
percentage	0%	0%	0%	0%	0.0%	0%	0%	0%	11.5%	0.2%	0%	11.7%
Net financial expense	0	0	0	0	0	0	0	0	0	0	423	423
<i>net financial expense</i>	(18,482)	(18,482)	(18,482)	(18,482)	(18,482)	(18,482)	(18,482)	(18,482)	(18,482)	(18,482)	(18,482)	(18,482)
percentage	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	(2.3%)	2.3%
Net gains on equity investments	195	0	2	3	1	0	0	0	1	0	0	202
<i>total net gains on equity investments</i>	107	107	107	107	107	107	107	107	107	107	107	107
percentage	182.2%	0%	1.9%	2.8%	0.9%	0%	0%	0%	0.7%	0%	0%	188.5%

38.REMUNERATION OF THE BOARD OF DIRECTORS AND SUPERVISORY BODIES, COOS AND OTHER KEY MANAGEMENT PERSONNEL

Following Consob resolution no. 18079 of 20 January 2012, which repealed Appendix 3C, information on the remuneration paid to the board of directors and supervisory bodies, COOs and other key management personnel is contained in the Remuneration report prepared pursuant to article 123-ter of the Italian Consolidated Finance Act (TUF).

39.LEGAL DISPUTES

The disputes pending at the reporting date are summarised below:

Disputes involving the parent

SIC - Società Italiana Cauzioni S.p.A now Atradius

The parent and its subsidiary Alerion Real Estate S.r.l. in liquidation ("Alerion Real Estate") were called as joint defendants by SIC - Società Italiana Cauzioni S.p.A. now Atradius - in their capacity as policy co-obligors in the civil proceedings brought before the Rome court by AGIED S.r.l. against INPDAP and SIC.

The policies were issued to guarantee the obligations incumbent on AGIED S.r.l. for the compensation of monetary losses that INPDAP could have suffered as a result of the malicious actions of AGIED S.r.l. when performing its duties provided for in the agreement between AGIED and INPDAP, for the management of part of INPDAP's property.

The purpose of this case is to assess said surety policies and have them declared lapsed due to expiry of the time limit. In particular, AGIED S.r.l. asked the court to declare that INPDAP has no right to enforce the policies and that, therefore, SIC is not required to pay anything to INPDAP.

The company and Alerion Real Estate were co-obligors with SIC for the fulfilment of the obligations under the policies as quotaholders of AGIED. These quotas were sold by means of a deed dated 24 May 1999, following which SIC, in a letter dated 9 June 1999, stated that Alerion and Alerion Real Estate were released from their joint obligation due to events that occurred after the date of the sale of the quotas.

SIC, which concurred with AGIED's conclusions, nevertheless summonsed the company and Alerion Real Estate as a precautionary measure, as, due to the generic nature of the claims, liability for the alleged damages claimed by INPDAP could not be placed in terms of time.

With regard to the policies referred to by ATRADIUS, the then SIC had, in a specific letter, released the co-obligors Alerion and Alerion Real Estate from liability for events occurring after the date of sale of the company quotas on 24 May 1999. This confirms the fact that the parent and its subsidiary have absolutely no connection to the proceedings, as they were released from any co-obligation by SIC (ATRADIUS at the date of the Registration Document) and, therefore, that there is no risk for either company.

On 1 December 2014, the first instance judge ordered just SIC (ATRADIUS at the date of the Registration Document) to pay the damages and concluded that the defaults took place after 31 December 2000, i.e., following the release from the co-obligations, thereby implicitly ruling out the parent and Alerion Real Estate being summonsed as defendants. Accordingly, any further evolutions in the proceedings will not affect Alerion.

AGIED and ATRADIUS (formerly SIC) separately appealed the first instance ruling to the court of appeal. As proceedings were pending for appeals of the same ruling, Alerion Real Estate S.r.l. in liquidation and the company obtained the joining of the proceedings.

The Rome court of appeal rejected the appeals in its ruling of 9 May 2022 and accepted the companies' defence and their release from the co-obligations of the policies. Atradius appealed the ruling before the court of cassation. Alerion Real Estate S.r.l. in liquidation and the parent have challenged the appeal requesting it be found inadmissible as it is contrary to both the ruling of the Rome court of appeal and the first instance ruling of the Rome court (two concordant decisions). The parties appeared in court within the time limits. A date for the first hearing has not yet been set.

Dispute about commodities

The parent has filed a lawsuit aimed at declaring the nullity of certain commodity swaps and that it does not owe any amounts under such contracts and that the amounts that it has already paid should be returned. It believes that the grounds for nullity should be accepted. However, and solely for prudent reasons, the provision for future risks and charges of €37.6 million includes the amount that the parent would be required to pay the swap counterparties should the validity of the swaps be confirmed, despite its claims.

The judge has appointed an expert and has postponed the hearing until 22 June 2023.

Legal disputes involving other group companies

Tax dispute relating to IRES - deductibility of interest expense

The Agrigento provincial tax office notified Wind Power Sud S.r.l. ("WPS") of four separate assessment notices totalling €1.3 million, plus interest and fines, for 2008, 2009, 2010 and 2011, contesting the deductibility of interest expense accrued on a loan taken out following a merger leveraged buyout (MLBO).

The Agrigento provincial tax court rejected WPS' petitions against these notices in August 2015.

WPS subsequently filed an appeal on the basis that the rulings of the Agrigento provincial tax court were unlawful due to the failure to state the reasons for and groundlessness of the claim. The Palermo regional tax court rejected the appeal in April 2016.

In December 2016, the Agrigento provincial tax office carried out an internal review, which only partially decreased the assessed taxes from the originally claimed €1.3 million to €0.7 million, plus fines and legal interest.

The Agrigento provincial tax office's decision is based on the fact that it considered the economic reasons for the MLBO, which resulted in the parent holding an equity investment in WPS though a reverse merger with a special purpose newco, only partially valid.

According to the subsidiary's legal advisors, albeit partial, the outcome of the internal review would reinforce WPS' position in the appeal before the court of cassation. WPS, therefore, decided to appeal. The appeal was lodged with the court of cassation on 5 December 2016.

Moreover, Equitalia (the Italian tax collection agency) i) in May 2017, accepted the application for the payment of two tax bills totalling €0.4 million relating to 2010 and 2011 in 48 instalments; and ii) in December 2017, accepted the application for the payment of two tax bills totalling €0.9 million for 2008 and 2009 in 72 instalments.

In February 2020, the subsidiary applied for the inclusion of the amount claimed in the rescheduling plans.

In the event of an unsuccessful outcome, Alerion's exposure would in any case be limited to 50%, since, at the time of the sale of the equity investment, the vendors, Moncada and Campione, committed to bearing 50% of the risk. The legal advisors consider the risk of losing the case only possible but not probable. Accordingly, the group has not made any provision in this respect. It has recognised the payments made up to the reporting date as other assets and considers them to be recoverable.

Dispute relating to IRES – IRAP – depreciation

Some of the group companies have pending disputes with the tax authorities about the application of depreciation rates to the wind farms.

Specifically, the tax authorities notified Callari S.r.l., Minerva S.r.l., Ordonia Energia s.r.l., Parco Eolico Licodia Eubea S.r.l. and Renergy San Marco S.r.l. of assessment notices disallowing the portion of depreciation (in excess of 4%) deducted for the purposes of calculating the IRES and IRAP tax bases for 2013, 2014, 2015 and, solely for Callari S.r.l., 2016.

On the basis of the assessment of their tax advisors and supported by the rulings handed down to the parties, the SPEs decided not to change their tax treatment for the years where depreciation was applied and subsequent years, and to appeal the assessment notices received, initiating litigation.

All the first instance judgements and, when completed, the second instance judgements, about the assessments found in favour of the SPEs. At the date of preparation of this report, no appeals have been made to the court of cassation for proceedings where the second instance judgements have been handed down.

Since the directors consider the risk of losing the proceeding to be only possible, but not probable, no provision has been made therefor in the consolidated financial statements.

Property tax dispute pre-Law no. 208/2015

The disputes with the tax authorities about the assessments on the property income for the years before 2016 are still pending and the group companies have set up provisions of €1.3 million.

Property tax dispute post-Law no. 208/2015

In 2016, the group's operating companies filed documents updating property registry records for wind turbines pursuant to article 1.21/22 of Law no. 208/2015 (2016 stability law, the "Imbullaonati" law). Accordingly, as of 2016, they have calculated IMU on the basis of the revised property income.

In early 2017, the land registry authority served assessment notices to some of the group companies whereby it increased the property income of their wind turbines by including the tower and other components in the calculation. The companies challenged the notices and the disputes are still pending at the date of preparation of this report.

Despite the land registry authority's assessments being in contrast with applicable legislation, following the opinion expressed by the ministry, the companies' tax advisors believe that the outcome of the proceedings is uncertain. Therefore, since 2017, the group has increased the related provision for risks by the assessed IMU to cover the probable risk of losing the disputes. At the reporting date, it had accrued €5 million.

COSAP dispute

In November 2018, the Foggia provincial authorities approved a new regulation imposing a fee for the occupation of public spaces and areas (COSAP), contextually repealing the regulation for the occupation of public spaces and areas and for the application of the related tax (TOSAP).

Accordingly, the authorities notified COSAP payment notices for 2019 to Renergy San Marco S.r.l. and Ordon Energia S.r.l., calculated on the subsoil occupation of the provincial roads with their cable ducts. Unlike the previous TOSAP regulation, which provided for the payment of a tax per linear kilometre, the new COSAP regulation applies a fee for the occupied surface, which is considerably higher than the TOSAP tax.

Ordon Energia S.r.l. and Renergy San Marco S.r.l. challenged the notices and the underlying provincial regulation before the Puglia regional administrative court, which disallowed their petitions. They have challenged this decision before the Council of State.

During the civil proceeding hearing before the Foggia court, the judge appointed an expert to calculate the COSAP fee. At the date of preparation of this report, the expert's reports have been presented reporting a fee lower than that charged by the provincial authorities. Conciliation proposals were presented in the hearing held on 16 February 2022 adhering to the fees quantified by the expert. The judge has yet to hand down the ruling.

In January 2022, the companies voluntarily paid the fees for 2019 and 2020 as per the annual fee determined in the expert's reports. They also have a provision for risks equal to the difference between the alleged fees and that paid (€0.1 million).

Dispute related to the single property tax (CUP)

In May 2021, the Foggia provincial authorities approved a new regulation applying a single property tax (CUP) and contextually repealing the COSAP regulation starting from 1 January. This new regulation provides for the application of a standard unit fee which would decrease the fees for the use of occupied surface compared to the COSAP fee. However, it also introduces a safeguard clause that allows local bodies to regulate this fee in order to ensure that their income is not less than the fees calculated by the COSAP regulation. Ordon Energia S.r.l. and Renergy San Marco S.r.l. have challenged the regulation before the Puglia regional administrative court, a proceeding which will be dismissed for inactivity as the regulation was annulled in another proceeding, as subsequently confirmed by the Council of State.

The companies have set up a provision for risks of €0.1 million.

Article 15-bis of Decree law no. 4 of 27 January 2022 ("Sostegni ter" decree)

Some companies have applied to the Milan section of the Lombardy regional administrative court for the cancellation, after its precautionary suspension, of ARERA resolution no. 266/2022 (the "ARERA resolution"), implementing article 15-bis of the "Sostegni ter" decree on the compensation contribution mechanism.

This mechanism provides for payment of the difference between the "reference price" and the "market price", with the subsequent reimbursement (in the case of a positive difference) or request (in the case of a negative difference) of the amount from the energy producer.

The Milan section allowed the appeal with its ruling of 7 December 2022, cancelling ARERA resolution no. 266/2022 without providing any reasons.

Pending the filing of the reasons, the Council of State accepted the precautionary measure brought by ARERA, suspending the effects of the Milan section's ruling. It found there was serious prejudice caused by the inaction of the Milan section in providing the reasons for the sentence, and stated that it will be possible to recoup the amounts from the operators should the first instance ruling be confirmed after the appeal.

On 9 February 2023, the Milan section published its reasons, finding that article 15-bis complies with EU and constitutional law as it is ARERA's remit to dictate the regulatory framework for implementation of such EU legislation. The Milan section found that ARERA should have regulated the matter by carefully considering the relevant costs, calculating the existing differences between the various types of energy production plants powered by renewable sources and the need to make a levy on profits and not on revenue.

Therefore, ARERA shall re-exercise its power by adopting a new resolution in compliance with the ruling handed down by the Milan section of the regional administrative court.

ARERA, the Italian energy services operator GSE and the relevant ministries can appeal the Milan section's ruling before the Council of State citing additional reasons.

The companies are preparing their appeal against the part of the ruling in which the Milan section has not referred to the Constitutional Court or the European Court of Justice, i.e., the question of unconstitutionality or incompatibility of article 15-bis with EU law.

Article 37 of Decree law no. 21 of 21 March 2022

Some group companies have applied to the Lazio regional administrative court for the cancellation, after its precautionary suspension, of the tax authorities' circular of 17 June 2022, which sets out instructions for payment of the extraordinary levy as per article 37 of Decree law no. 21 March 2022 (the Ukraine bis decree).

Article 37 introduced an "extraordinary solidarity contribution" to be levied on revenue generated in the period from 1 October 2021 to 30 April 2022 in excess of the ceiling established by it.

The group companies also challenged the tax authorities' implementing measure of 17 June 2022, which included guidance about how to pay and declare this extraordinary contribution in accordance with article 37 of Decree law no. 21 of 21 March 2022.

The Lazio regional administrative court issued a ruling declining its jurisdiction which the group companies have appealed before the Council of State, which is scheduled to hear the appeal on 4 April 2023.

Other minor disputes

The parent decided to make the necessary provisions for other minor pending disputes involving the group companies.

Considering the progress of the disputes and the opinions of the relevant advisors, the provisions for risks recognised in the consolidated financial statements are believed to be appropriate.

40. COMMITMENTS AND GUARANTEES

The group's contractual commitments and guarantees to third parties at the reporting date are summarised below:

- Sureties to third parties of €264,538 thousand are made up as follows:
 - environmental restoration obligations (€11,614 thousand);
 - participation in auctions (€7,012 thousand issued to GSE);
 - other obligations (€245,912 thousand).
- Pledge on the quotas of Enermac S.r.l., Naonis Wind S.r.l., Anemos Wind S.r.l., Fri-El Albareto S.r.l., Green Energy Sardegna S.r.l., Eolica PM S.r.l. and Fri-El Grottole S.r.l. securing project financing;
- Warranties in equity investments sale agreements covering any contingent liabilities or non-existent assets compared to the relevant assets and liabilities at the time of the sale.

Commitments and guarantees received from third parties include:

- guarantees for the collection of the consideration for electricity sales (€74,521 thousand).

41. DISCLOSURE REQUIRED BY ARTICLE 149-DUODECIES OF CONSOB'S ISSUER REGULATION

The following table shows the 2022 fees for audit and non-audit services provided by the independent auditors and their network entities:

<i>(€'000)</i>	Service provider	2022 fees
Audit - Parent	KPMG S.p.A.	121
Audit - subsidiaries	KPMG S.p.A.	325
Audit - equity-accounted investees	KPMG S.p.A.	29
Other services - parent (1)	KPMG S.p.A.	110
Other services - unbundling	KPMG S.p.A.	23
Total		608

Statement on the consolidated financial statements at 31 December 2022

pursuant to article 154-bis.5 of Legislative decree no. 58 of 24 February 1998 and article 81-ter of Consob regulation no. 11971 of 14 May 1999

1. The undersigned, Josef Gostner, as chief executive officer, and Stefano Francavilla, as manager in charge of financial reporting, also considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state:

- that the administrative and accounting procedures are adequate given the group's characteristics;
- that they were actually applied during the year to prepare the consolidated financial statements.

2. Moreover, they state that:

2.1 The consolidated financial statements at 31 December 2022:

- have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
- are consistent with the accounting records and entries;
- are suitable to give a true and fair view of the parent's and its consolidated companies' financial position, financial performance and cash flows;

2.2 the directors' report includes a reliable analysis of the issuer and the consolidated companies' financial performance and financial position, together with information about the key risks and uncertainties to which they are exposed.

Milan, 9 March 2023

Chief executive officer

Josef Gostner

Manager in charge of financial reporting

Stefano Francavilla



KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(The accompanying translated consolidated financial statements of the Alerion Clean Power Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of
Alerion Clean Power S.p.A.*

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Alerion Clean Power Group (the "group"), which comprise the statement of financial position as at 31 December 2022, the income statement and statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Alerion Clean Power Group as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Alerion Clean Power S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Recoverability of intangible assets with a finite useful life and property, plant and equipment

Notes to the consolidated financial statements: note 6 "Impairment testing of property, plant and equipment and intangible assets"

Key audit matter	Audit procedures addressing the key audit matter
<p>The consolidated financial statements at 31 December 2022 include intangible assets with a finite useful life of €197.8 million and property, plant and equipment of €543.4 million.</p> <p>The directors tested intangible assets with a finite useful life totalling €179.9 million and property, plant and equipment totalling €446.5 million for impairment by checking that their carrying amount did not exceed their recoverable amount.</p> <p>They did not test assets relating to the companies in their pre-operating phase or companies acquired by the group during the year, since their carrying amounts had already been assessed upon their initial recognition during the year.</p> <p>Annually or more frequently, if necessary, the directors test intangible assets with a finite useful life and property, plant and equipment for impairment allocated to the different cash-generating units (CGUs) relating to operating companies, by comparing their carrying amount to their value in use, calculated using the discounted cash flow model.</p> <p>In line with a specific internal policy, the directors test intangible assets with a finite useful and property, plant and equipment for impairment even when they do not identify any impairment indicators.</p> <p>The process and methods for measuring and determining each CGU's recoverable amount (based on its value in use) are very complex and entail the use of estimates which, by their very nature, are uncertain and subjective about:</p> <ul style="list-style-type: none">the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector, the actual cash flows for recent years and the projected growth rates. In this context, the key assumptions are those about the assets' useful lives and estimated recoverable amounts, expected electricity prices, forecast electricity production and the evolution of the regulatory framework;the financial parameters used to calculate the discount rate of the expected cash flows. <p>For the above reasons and due to the materiality of the relevant captions, we believe that the</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">understanding the process adopted to prepare the impairment test approved by the parent's board of directors and the key controls implemented by the group;checking the accuracy of the CGUs' scope and of the allocation of the carrying amounts and assets and liabilities to the individual CGUs;checking whether how the directors carried out impairment tests complied with the IFRS;understanding the process adopted for preparing the forecasts, on which basis the expected cash flows used for impairment testing have been estimated;analysing the reasonableness of the assumptions used by the group to prepare the forecasts;checking any discrepancies between the previous year forecast and actual financial figures, in order to check the accuracy of the estimation process;checking the mathematical accuracy of the model used to calculate value in use;checking whether the right-of-use assets (IFRS 16) had been appropriately included in the carrying amounts considered and whether the cash flows had been identified consistently for the purposes of determining the recoverable amount;checking the sensitivity analysis presented in the notes in relation to the main key assumptions used for impairment testing;assessing the appropriateness of the disclosures provided in the notes about the recoverability of the carrying amount of intangible assets with an indefinite useful life and property, plant and equipment. <p>We carried out these procedures with the assistance of our own valuation experts who independently recalculated the main assumptions used, including by means of a comparison with external data and information.</p>



recoverability of intangible assets with a finite useful life and property, plant and equipment is a key audit matter.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we



conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 5 September 2019, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2020 to 31 December 2028.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2022 to be included in the annual financial report.



Alerion Clean Power Group
Independent auditors' report
31 December 2022

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2022 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 23 March 2023

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director

2022 separate financial statements

STATEMENT OF FINANCIAL POSITION

Assets

<i>(Euro)</i>	Note	31.12.2022	including: related parties	31.12.2021	including: related parties
NON-CURRENT ASSETS					
Intangible assets					
Intangible assets	4	29,552		-	
Property, plant and equipment	5	3,961,540		66,493	
Investments in subsidiaries	6	307,610,492		297,787,491	
Investments in joint ventures and associates	7	45,646,134		45,646,134	
Loans and other non-current financial assets	8	236,140,582	236,279,498	211,675,463	209,561,391
Deferred tax assets	29	10,060,973		9,589,647	
TOTAL NON-CURRENT ASSETS		603,449,273		564,765,228	
CURRENT ASSETS					
Trade receivables	9	22,889,427	22,889,427	4,561,547	4,561,547
Current tax assets	10	-		43,582	
Other current assets	11	46,168,782	44,114,917	62,701,888	58,552,548
Loans and other current financial assets	12	106,018,549	33,135,269	27,623,074	27,600,000
Cash and cash equivalents	13	96,421,137		48,081,249	
TOTAL CURRENT ASSETS		271,497,895		143,011,340	
TOTAL ASSETS		874,947,168		707,776,568	

STATEMENT OF FINANCIAL POSITION

Liabilities and equity

<i>(Euro)</i>	Note	31.12.2022	including: related parties	31.12.2021	including: related parties
EQUITY	14	286,722,780		218,661,774	
NON-CURRENT LIABILITIES					
Non-current financial liabilities	15	501,592,356		400,204,710	
Post-employment benefits and other employee benefits	16	654,086		549,326	
Deferred tax liabilities	29	277,688		492,006	
Provisions for future risks and charges	17	37,725,338		37,785,126	
Other non-current liabilities	18	2,570,400	-	-	-
TOTAL NON-CURRENT LIABILITIES		542,819,868		439,031,168	
CURRENT LIABILITIES					
Current financial liabilities	19	6,265,073	1,055,417	22,606,867	1,001,180
Derivatives	20	-		15,760,186	
Trade payables	21	2,948,598	721,353	1,736,215	175,900
Current tax liabilities	22	23,849,198		3,551,767	
Other current liabilities	23	12,341,651	10,824,893	6,428,591	4,862,441
TOTAL CURRENT LIABILITIES		45,404,520		50,083,626	
TOTAL LIABILITIES		588,224,388		489,114,794	
TOTAL EQUITY AND LIABILITIES		874,947,168		707,776,568	

STATEMENT OF PROFIT OR LOSS

<i>(Euro)</i>	Note	2022	including: related parties	2021	including: related parties
Net gains on equity investments	24	92,452,555	92,480,347	78,292,471	78,428,811
Other revenue and income	25	20,673,217	20,568,955	3,999,161	3,935,951
TOTAL REVENUE AND INCOME		113,125,772		82,291,632	
Operating costs					
Personnel expenses	26	2,451,067		2,032,068	
Other operating costs	27	5,277,164	616,464	7,236,089	201,505
Accruals to provisions for risks		20,284		65,168	
Total operating costs		7,748,515		9,333,325	
Amortisation, depreciation and impairment losses					
Amortisation and depreciation		280,868		13,072	
Total amortisation, depreciation and impairment losses		280,868		13,072	
OPERATING PROFIT		105,096,389		72,945,235	
Financial income		18,116,743		41,186	
Financial expense		(22,579,886)		(79,467,257)	
Net financial expense	28	(4,463,143)		(79,426,071)	
PROFIT (LOSS) BEFORE TAX		100,633,246		(6,480,836)	
Income taxes					
Current		(6,611,487)		9,550,445	
Deferred		343,924		7,938,931	
Total income taxes	29	(6,267,563)		17,489,376	
PROFIT FOR THE YEAR		94,365,683		11,008,540	

STATEMENT OF COMPREHENSIVE INCOME

<i>(Euro)</i>	2022	2021
PROFIT FOR THE YEAR (A)	94,365,683	11,008,540
Net fair value gains (losses) on financial assets at fair value through other comprehensive income	(1,235,209)	-
Related tax	344,623	-
Post-tax other comprehensive income (expense) that may be reclassified subsequently to profit or loss	(890,586)	-
Net actuarial gains on defined benefit plans (IAS 19)	10,387	13,853
Related tax	(2,898)	(3,865)
Post-tax other comprehensive income that will not be reclassified to profit or loss	7,489	9,988
COMPREHENSIVE INCOME (A) + (B)	93,482,586	11,018,528

STATEMENT OF CASH FLOWS

<i>(Euro)</i>	Note	2022	including: related parties	2021	including: related parties
A. Cash flows from operating activities					
Profit for the year		94,365,683		11,008,540	
Amortisation, depreciation and impairment losses		280,868		13,072	
Financial income and expense	28	4,420,480		79,446,515	
Net gains on equity investments	24	(92,452,555)		(74,369,011)	
Cost of stock options		508,978		-	
Increase (decrease) in post-employment benefits and provision for employee disputes	16	87,259		18,755	
Increase (decrease) in provisions for risks and charges	17	20,284		65,168	
Increase (decrease) in deferred tax liabilities		(343,924)		(7,931,201)	
(Increase) decrease in trade receivables and other assets:	9 - 11	(29,619,131)	(3,890,249)	(9,550,019)	(41,305,654)
Increase (decrease) in trade payables and other liabilities	20 - 21 - 22	37,191,861	6,507,905	1,788,211	(2,266,641)
Taxes paid	29	(10,351,800)		-	
Total cash flows generated by operating activities		4,108,003		490,030	
B. Cash flows from investing activities					
(Investments) disposals of intangible assets	4	(29,584)		-	
(Investments) disposals of property, plant and equipment	5	(128,145)		-	
(Investments) disposals of equity investments	6 - 7	(6,401,801)	-	(369,240)	-
Total cash flows used in investing activities		(6,559,530)		(369,240)	
C. Cash flows from financing activities					
Increase (decrease) in bonds issued		98,583,368		44,984,799	
(Increase) decrease in loan assets	8 - 12	(21,234,590)	(32,307,613)	(81,710,992)	(76,633,464)
Dividends received		111,271,442		37,955,727	
Increase (decrease) in bank loans and borrowings	15 - 19	(20,634,787)		5,274,257	
Increase (decrease) in other loans and borrowings/loan assets	12	(73,000,000)		24,331	
Dividends distributed	14	(23,737,725)		(15,142,612)	
Repurchase of treasury shares	14	(2,168,777)		(3,118,868)	
Financial expense paid		(18,287,516)		(25,573,879)	
Total cash flows generated by (used in) financing activities		50,791,415		(37,307,237)	
D. Cash flows for the year (A+B+C)		48,339,888		(37,186,447)	
E. Opening cash and cash equivalents		48,081,249		85,267,696	
F. Closing cash and cash equivalents (D+E)		96,421,137		48,081,249	

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY - 2022

(Euro)	Share capital	Treasury share reserve	Share premium	Legal reserve	Other equity-related reserves	Other reserves (**)	Income-related reserves	Profit for the year	Equity
1 January 2022	161,137,410	(3,146,565)	21,400,391	4,738,653	5,673,903	2,631,846	15,217,596	11,008,540	218,661,774
Allocation of previous year's profit	-	-	-	550,426	-	-	10,458,114	(11,008,540)	-
Profit for the year	-	-	-	-	-	-	-	94,365,683	94,365,683
Other comprehensive income	-	-	-	-	-	(883,097)	-	-	(883,097)
Comprehensive income	-	-	-	-	-	(883,097)	-	94,365,683	93,482,586
Dividends approved and/or distributed	-	-	-	-	-	-	(23,761,781)	-	(23,761,781)
Repurchase of treasury shares	-	(2,168,777)	-	-	-	-	-	-	(2,168,777)
IFRS 2 reserve	-	-	-	-	-	-	508,978	-	508,978
31 December 2022	161,137,410	(5,315,342)	21,400,391	5,289,079	5,673,903	1,748,749	2,422,907	94,365,683	286,722,780

(**) "Other reserves" includes the IFRS FTA reserve.

STATEMENT OF CHANGES IN EQUITY - 2021

(Euro)	Share capital	Treasury share reserve	Share premium	Legal reserve	Other equity-related reserves	Other reserves (**)	Income-related reserves	Profit for the year	Equity
1 January 2021	161,137,410	(27,697)	21,400,391	3,798,941	5,673,903	2,621,858	12,520,989	18,794,232	225,920,027
Allocation of previous year's profit	-	-	-	939,712	-	-	17,854,520	(18,794,232)	-
Profit for the year	-	-	-	-	-	-	-	11,008,540	11,008,540
Other comprehensive income	-	-	-	-	-	9,988	-	-	9,988
Comprehensive income	-	-	-	-	-	9,988	-	11,008,540	11,018,528
Dividends approved and/or distributed	-	-	-	-	-	-	(15,157,913)	-	(15,157,913)
Repurchase of treasury shares	-	(3,118,868)	-	-	-	-	-	-	(3,118,868)
31 December 2021	161,137,410	(3,146,565)	21,400,391	4,738,653	5,673,903	2,631,846	15,217,596	11,008,540	218,661,774

(**) "Other reserves" includes the IFRS FTA reserve.

Reference should be made to note 14. "Equity" for details of the individual captions.

BASIS OF PREPARATION AND NOTES

1. CORPORATE INFORMATION

The parent, Alerion Clean Power S.p.A. (the "company" or "Alerion") is a legal entity subject to Italian law. Its ordinary shares are listed on the Euronext Milan market of the Italian stock exchange. The Alerion Group's (the "group") headquarters are at Via Renato Fucini 4 in Milan.

On 9 March 2023, the company's directors approved the publication of its separate financial statements as at and for the year ended 31 December 2022.

2. BASIS OF PREPARATION

These separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), endorsed by the European Union and in force on 31 December 2022. They also comply with the measures implementing article 9 of Legislative decree no. 38/2005. The term IFRS includes all revised International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The separate financial statements also comply with the requirements of article 2423 and following articles of the Italian Civil Code, as can be seen from these notes, prepared in accordance with article 2427 of the Italian Civil Code and an integral part of the separate financial statements as per said article 2423. The amounts in the statements of financial position, profit or loss, comprehensive income, cash flows and changes in equity are presented in euros, while those in these notes are in thousands of euros unless stated otherwise. In order to convert the figures presented in euro cents into euros, the balances in the statements of financial position and profit or loss were rounded upwards or downwards depending on whether the cents balance was greater than/equal to or smaller than 50 euro cents.

2.1 LEGAL OBLIGATIONS OF GROUP MEMBERSHIP

The company has prepared consolidated financial statements as, together with its subsidiaries, it exceeds the thresholds set by article 27 of Legislative decree no. 127 of 9 April 1991 (amended by Law no. 52 of 6 February 1996).

2.2 BASIS OF PRESENTATION

In accordance with Consob resolution no. 15519 of 27 July 2006, the basis of presentation of the statements of financial position, profit or loss, other comprehensive income and changes in equity (in line with IAS 1) and of the statement of cash flows (in line with IAS 7) is set out below.

The statement of profit or loss classifies costs based on their nature while the statement of financial position classifies current and non-current assets and current and non-current liabilities separately, in accordance with IAS 1. The statement of changes in equity presents the changes for the year by reconciling the opening and closing balances of each equity caption. The statement of cash flows classifies cash flows under operating, investing and financing activities, as provided for by IAS 7. Specifically, cash flows from operating activities are presented using the indirect method, whereby the profit or loss for the year is adjusted for any non-monetary items, deferral or provision of previous or future collections of an operating nature, or revenue or cost items linked to cash flows from investing or financing activities.

Lastly, in accordance with the above Consob resolution, where material, the amounts arising from related party transactions and

profits or losses from non-recurring events or transactions are presented separately in specific sub-captions of the statements of financial position, profit or loss and cash flows.

2.3 JUDGEMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

In the preparation of the separate financial statements and notes thereto in accordance with the IFRS, the directors make judgements, estimates and assumptions, which affect the carrying amount of assets and liabilities as well as the disclosures about contingent assets and liabilities at the reporting date. Actual results may differ from these estimates. Estimates are used to determine impairment losses on assets and, specifically, equity investments (by carrying out the impairment test), provisions for risks and charges, loss allowances and other allowances, amortisation and depreciation, employee benefits (including the measurement of the fair value of warrants as per IFRS 2) and taxes. The directors regularly review the estimates and assumptions and any changes are immediately recognised in profit or loss.

2.4 KEY ACCOUNTING POLICIES

This section summarises the company's key accounting policies.

Intangible assets with a finite useful life

In accordance with IAS 38, the company recognises the costs, including directly-attributable costs, incurred to acquire assets or resources without physical substance to be used in the production of goods or provision of services, leased to third parties or used for administrative purposes as intangible assets, provided that such costs can be measured reliably and the asset is clearly identifiable and controlled by the company. Goodwill acquired against consideration is also recognised.

Separately acquired intangible assets are recognised at cost and subsequent expenditure is recognised as an increase in the carrying amount of the asset to the extent it generates future economic benefits.

Intangible assets acquired as part of a business combination are recognised at their acquisition-date fair value.

Intangible assets with a finite useful life are systematically amortised on a straight-line basis over their useful life. Their carrying amount is tested for impairment annually, or more frequently should there be an indication of impairment in accordance with IAS 36 "Impairment of assets". Impairment losses decrease the asset's carrying amount.

Research expenditure is recognised in profit or loss as incurred. Development costs incurred in relation to a specific project are capitalised if their future recovery is reasonably certain and all the conditions of IAS 38 have been met. After initial recognition, they are measured at cost, decreased by amortisation or any impairment losses. Capitalised development costs are amortised over their useful life based on the timeframe during which the expected future cash flows of the underlying project will flow to the company.

The carrying amount of development costs is tested for impairment annually or more frequently, should there be an indication of impairment.

Amortisation is charged on a straight-line basis over the asset's estimated useful life as follows:

Amortisation rate	Rate
Industrial patents and intellectual property rights	20%

Property, plant and equipment

Property, plant and equipment are recognised at historical cost and systematically depreciated over their useful life, except for land and assets held for sale, which are not depreciated but are impaired, should their fair value decrease to below their carrying amount.

Straight-line depreciation is carried out using rates held to reflect the assets' estimated useful life. Such rates are revisited annually and are applied pro rata to assets purchased during the year, to account for their actual period of use. Subsequent expenditure is recognised as an increase in the carrying

amount of the related assets only if it results in an actual improvement in the asset's value.

Day-to-day servicing costs are recognised in profit or loss as incurred. Non-routine maintenance costs are recognised as an increase in the carrying amount of the related assets if they significantly increase their productivity or useful life, in which case they are depreciated over the assets' residual useful life. Depreciation is charged on a straight-line basis over the assets' estimated useful life as follows:

Depreciation rate	Rate
Buildings	8.33%
Other assets	from 12% to 20%

Impairment of assets (impairment testing)

IAS 36 requires that property, plant and equipment, intangible assets and financial assets be tested for impairment if there are indications that an impairment loss may have occurred. Goodwill and other intangible assets with an indefinite useful life or intangible assets not yet available for use are tested for impairment annually.

The recoverability of an asset is assessed by comparing its carrying amount to the higher of its fair value less costs to sell, if there is an active market, and its value in use.

Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit and to be received at the end of its useful life. Cash-generating units are identified in line with the group's organisational and business structure as a group of similar assets that generates independent cash inflows from continuing use of the related assets.

Impairment losses on assets used in operations are recognised in profit or loss and classified consistently with the use of the assets generating them. At each reporting date, the company assesses whether there is any indication that an impairment loss recognised in previous years may have decreased. If any such indication exists, the company estimates the recoverable amount of

that asset. An impairment loss recognised in prior years is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. After a reversal of an impairment loss is recognised, the depreciation/amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Financial instruments

Financial instruments include other equity investments (i.e., not those in subsidiaries, associates or joint ventures), non-current loan assets, trade receivables and other assets as well as other current financial assets such as cash and cash equivalents. The latter include bank and postal deposits, highly liquid securities representing temporary investments of liquidity and loan assets repayable within three months. Financial instruments also comprise loans and borrowings, trade payables and other liabilities, other financial liabilities and derivatives.

The company applies IFRS 9 "Financial instruments". This standard provides for a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. In this respect, the company classifies financial assets based on the business model it uses for managing them to achieve its business objectives and the

contractual cash flow characteristics of the financial asset.

IFRS 9 "Financial instruments" replaced IAS 39 "Financial instruments: presentation and measurement" on 1 January 2018. It introduces new rules for the classification and measurement of financial assets based on the business model according to which they are managed and their cash flow characteristics. Specifically:

- the financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (hold to collect (HTC) model) are measured at amortised cost;
- the financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold to collect and sell (HTCS) model) are measured at fair value through other comprehensive income (FVOCI);
- the financial assets held within other business models are measured at fair value through profit or loss (FVTPL).

IFRS 9 has eliminated the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

Upon first-time adoption of the new standard, the company reclassified its financial assets at 1 January 2019 into the new categories, based on their business model and contractual cash flow characteristics.

It assessed the business models by mapping its financial assets based on how it manages them to achieve its objectives.

When classifying its financial assets into the new IFRS 9 categories, in addition to the business model, the company assessed the contractual cash flows ("SPPI assessment"). It considered whether each asset's contractual

cash flow characteristics would allow for its measurement at amortised cost (HTC model) or at FVOCI (HTCS model).

At initial recognition, all financial assets are recognised at cost, which is their fair value plus transaction costs. The company decides how to classify its financial assets after their initial recognition and, where appropriate and permitted, it reclassifies them at each reporting date.

Impairment of financial assets

The company applies the expected credit loss impairment model provided for by IFRS 9 to its financial assets as follows:

- the expected credit losses are measured by multiplying the exposure by the counterparty's probability of default (over the related time horizon) and by a fixed loss given default (LGD) of 60%. To this end, the carrying amount of the exposures has been considered, without applying any discount rate (since it is measured using the same rate, the present value would have been the same);
- the counterparty's probability of default is calculated on the basis of the relevant CDS spread (the 6-month CDS spread has been used for transactions with a time horizon of up to six months) based on the following formula:

$$PD=1-e^{-spread60\% \cdot durata}$$

- the time horizon of ECL of current accounts that do not have a fixed maturity has been defined as follows:

- o demand current accounts: 1-month horizon (assuming that any counterparty's default issues would be identified within this timeframe and the related cash would be transferred to other institutions);

o project financing current accounts: identification of a "stable" component tied to the project (with the application of the 12-month ECL, if creditworthiness has not significantly deteriorated) and a residual "revolving" component (with an associated time horizon of 3 months).

Investments in subsidiaries, associates and jointly controlled entities

In accordance with IAS 27, these equity investments are recognised at cost, which is the cost incurred to acquire an investment or set up an investee or is defined by an expert in the case of contributions.

If there is an indication that the equity investment may be impaired, the company estimates its recoverable amount using the method set out in IAS 36 "Impairment of assets" to determine the impairment loss to be recognised in profit or loss.

Other equity investments

Investments other than those held in subsidiaries, associates and jointly controlled entities are initially recognised at cost, including any directly attributable transaction costs. The company measures these equity investments at fair value and any fair value gains or losses are presented in equity and in other comprehensive income as items that will not be reclassified to profit or loss (fair value through other comprehensive income, FVOCI). Therefore, solely dividends received from these investees are recognised in profit or loss. IFRS 9 provides for an alternative method to recognise fair value gains or losses through profit or loss (FVTPL). The election of whether to recognise these fair value gains and losses as FVTPL or FVOCI is made on a case-by-case basis and is irrevocable. Any exceptions at the date of initial recognition are disclosed in the notes to the individual captions.

Loan assets

Loans are initially recognised at cost, which is the fair value of the consideration received net of the transaction costs. After initial recognition, they are measured at amortised

cost using the effective interest method. Amortised cost is calculated considering the issue costs and any discount or premium provided for upon settlement. Any gain or loss on the loan asset is recognised in profit or loss when the loan is fully repaid or, should it become impaired, over the amortisation period.

Trade receivables and other assets

Trade receivables, which are usually due in the short term, are recognised at the nominal amount shown in the invoice, net of any loss allowance determined using the expected credit loss impairment model provided for by IFRS 9. This is supplemented by any additional impairment losses recognised as a result of specific doubtful conditions on individual positions when they are identified.

When, based on the payment terms, the trade receivable contains a financing component, it is measured at amortised cost by discounting its nominal amount and recognising interest income over the period it accrues.

Trade receivables denominated in a foreign currency are remeasured using the closing rate and any resulting exchange gain or loss is recognised in profit or loss in the same captions as those of the original transaction.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand bank and postal accounts and short-term investments in securities made as part of the company's treasury management, readily convertible and subject to an insignificant risk of changes in value.

They are stated at their nominal amount.

Loans and borrowings

All loans and borrowings are initially recognised at fair value net of transaction costs.

After initial recognition, they are measured at amortised cost using the effective interest rate method.

Any gain or loss on a financial liability is recognised in profit or loss when it is extinguished, in addition to through the amortisation process.

Provisions for risks and charges

Provisions for risks and charges are accrued when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the obligation can be estimated reliably.

If the company believes that some or all of the expenditure required to settle a provision will be reimbursed by another party (for example, through insurance contracts), the reimbursement is recognised as an asset when, and only when, it is virtually certain that it will be received. In this case, the expense relating to the provision is presented net of the amount recognised for the reimbursement.

Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase is recognised as a borrowing cost.

Share-based payments

The company has an equity-settled share-based plan for its chief executive officer and key management personnel.

The most recent long-term incentive plans have both an equity and cash-settled component for their beneficiaries, namely the executive directors and/or key management personnel and/or employees and/or consultants who provide strategic services.

The shares are assigned free of charge to the beneficiaries who reach their performance objectives at the end of the vesting period.

The company approved a share buy-back programme to service the equity component of the above plans. More information about the equity-settled incentive plans is available in the note on "Share-based payments".

The group recognises the services provided by the beneficiaries under personnel expenses and indirectly estimates their value (and the related increase in equity) using the fair value of the equity instruments at the grant date. This fair value is based on the observable price of the company's shares on the market, considering the terms and conditions at which they were assigned (except for the vesting conditions which are not included in the fair value measurement).

The cost of the equity-settled share-based incentive plan is recognised in profit or loss with a balancing entry in equity over the vesting period. This cost is adjusted at each reporting date until the vesting date to reflect the best estimate of the number of equity instruments that will be assigned (i.e., according to service and performance objectives other than market conditions), so that the cost recognised at the vesting date is based on the actual number of equity instruments that will be needed.

Employee benefits

In accordance with IAS 19, the company measures its Italian post-employment benefits ("TFR") on an actuarial basis, taking into account a series of variables (mortality rate, future salary increase rate, inflation rate, etc.). The amendment to IAS 19 "Employee benefits" requires that any actuarial gains and losses be immediately recognised in other comprehensive income and that the statement of financial position present the entire amount of the company's net defined benefit obligation. The amendment also provides that changes for the year in the defined benefit obligation should be allocated to three components: current service costs, interest cost, which is calculated by applying an appropriate discount rate to the defined benefit liability's opening balance, and actuarial gains and losses, which arise from the remeasurement of the liabilities and are to be recognised in OCI.

Trade payables and other liabilities

Trade liabilities are measured at their nominal amount.

When, based on the payment terms, the trade payable contains a financing component, it is measured at amortised cost by discounting its

nominal amount and recognising interest expense over the period it accrues.

Trade payables denominated in a foreign currency are remeasured using the closing rate and any resulting exchange gain or loss is recognised in profit or loss in the same caption as those of the original transaction.

STATEMENT OF PROFIT OR LOSS

Revenue and income

Revenue is recognised in accordance with IFRS 15, which requires the following key steps:

- identifying the contract;
- identifying performance obligations;
- determining the transaction price;
- allocating the transaction price to performance obligations;
- recognising revenue when (at a point in time) or as (over time) the entity satisfies a performance obligation.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and its amount can be reliably measured. It is presented net of discounts, bonuses and returns.

Before recognising revenue, the company always checks whether the following requirements are met:

- dividends are recognised when the investor's right to their payment arise (date of the relevant shareholders' resolution);
- any gain or loss on the sale of equity investments is recognised when the sale is carried out and the risks and rewards of ownership have been transferred;
- fair value gains or losses on listed shares held for trading are based on the stock market price at the reporting date;
- revenue from the provision of services is recognised when each performance

obligation is satisfied, as required by IFRS 15, i.e., when the transfer of the promised goods or services has been completed and the customer has obtained control thereof. This may occur at a point in time or over time.

Revenue is measured at the fair value of the consideration receivable. If the time value of money is material and the collection date can be reliably estimated, the related financing component is recognised as financial income or expense.

Financial income and expense

Financial income and expense are recognised on an accruals basis using the effective interest rate.

Costs

Costs and other operating costs are recognised as incurred on an accruals basis and in relation to revenue when they do not generate future economic benefits or such benefits do not qualify for recognition as assets in the statement of financial position.

If, based on the payment terms, a financing component is identified, the consideration is discounted and the difference between the nominal amount and fair value is recognised as a borrowing cost.

Income taxes

Current taxes are calculated by estimating future taxable profit in accordance with enacted tax rates and regulations, considering any applicable exemptions and tax adjustments.

Deferred tax assets are recognised when it is probable that the company will earn taxable profits in future years sufficient to allow it to use them.

Deferred tax liabilities are recognised for all taxable temporary differences except those that arise on the initial recognition of goodwill. Deferred taxes are calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases using the rates enacted when the temporary differences reverse. When they relate to items recognised through equity, the current and deferred taxes are also recognised in equity.

As the tax consolidator, the company extended the scope of the domestic tax consolidation scheme to its subsidiaries Fri-El Basento S.r.l., FW Holding S.r.l., Fri-El Grottole S.r.l., Fri-El Ricigliano S.r.l., Naonis Wind S.r.l. and Fucini 4 S.r.l. in the 2021 tax return.

The scheme enables the participating group companies to offset their taxable profits or tax losses with a clear benefit not only for themselves, but also for the company.

Companies participating in the domestic tax consolidation scheme have signed an agreement governing and specifying the requirements, obligations and responsibilities to which they mutually agree when they join the scheme. In particular, specific provisions are designed to ensure that participation is not disadvantageous economically or financially compared to their position had they not joined the scheme, or if (where applicable) they had opted for group taxation with their own subsidiaries.

Value added tax

Revenue, costs and assets are recognised net of VAT, except when:

- the VAT applied to the purchase of goods or services is not deductible, in which case it is treated as being part of the purchase cost of an asset or part of the cost recognised in profit or loss;
- it relates to trade receivables and trade payables that are presented inclusive of VAT.

The net VAT amount to be recovered or settled is presented under trade receivables, if positive, or trade payables, if negative.

Earnings per share

Basic earnings per share are calculated by dividing the profit or loss for the year by the weighted average number of shares outstanding during the year, net of the treasury shares repurchased by the company during the year. To calculate diluted earnings per share, the weighted average number of outstanding shares, net of the treasury shares

repurchased by the company during the year, is adjusted for the effects of all dilutive potential ordinary shares (stock options).

The profit or loss for the year is also adjusted for the post-tax effects of the assumed conversion.

Amendments to the IFRS

The company's separate financial statements have been prepared in accordance with the IFRS and related interpretations approved by the IASB and endorsed using the procedure set out in article 6 of Regulation (EC) no. 1606 of 19 July 2002.

They have been drawn up using the historical cost criterion, except for the equity investments which are recognised at their fair value.

AMENDMENTS AND NEW STANDARDS AND INTERPRETATIONS

STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF 1 JANUARY 2022

The company has applied the following standards, amendments and interpretations for the first time starting from 1 January 2022:

On 14 May 2020, the IASB published the following amendments:

- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16): the amendments prohibit an entity from deducting the proceeds received from selling any items produced while bringing an item of property, plant and equipment into use. These proceeds and the related costs are recognised in profit or loss.
- Onerous contracts - Costs of fulfilling a contract (Amendments to IAS 37): the amendments clarify that when estimating whether a contract is onerous, an entity shall consider all the directly related costs. Therefore, its assessment not only considers the incremental costs of fulfilling the contract (such as, for example, the cost of direct materials used), but also all the costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Annual Improvements 2018-2020: amendments were made to IFRS 1 "First-time adoption of International Financial Reporting Standards", IFRS 9 "Financial instruments", IAS 41 "Agriculture" and the Illustrative Examples to IFRS 16 "Leases".

The adoption of these amendments has not affected the parent's separate financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION WHOSE APPLICATION IS NOT YET MANDATORY AND WHICH THE COMPANY HAS NOT ADOPTED EARLY AT 31 DECEMBER 2022

- On 18 May 2017, the IASB published IFRS 17 "Insurance contracts" which is intended to replace IFRS 4 "Insurance contracts".

The objective of the new standard is to ensure that entities provide relevant information that faithfully represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to cover all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new standard also includes presentation and disclosure requirements to improve comparability among entities in this sector.

Under the new standard, an entity shall measure an insurance contract based on a general measurement model ("GMM") or a simplified approach (the premium allocation approach, "PAA").

The GMM's main features are:

- o future cash flows are presented using current estimates and assumptions;
- o measurement reflects the time value of money;
- o estimation techniques extensively based on observable market inputs;
- o a current and explicit risk measurement;
- o at initial recognition, the expected profit (contractual service margin, "CSM") is deferred and aggregated into groups of insurance contracts; and

o the CSM is allocated over the coverage period, considering the adjustments arising from changes in cash flows assumptions for each group of contracts.

The PAA entails measuring the liability for the remaining coverage for a group of insurance contracts provided that, at initial recognition, the entity reasonably expects that such liability would not differ materially from the one that would be produced applying the GMM. Contracts with a coverage period of one year or less are automatically eligible for the PAA. The simplifications arising from the application of the PAA do not apply to the measurement of liabilities for incurred claims, which are measured using the GMM. However, the entity is not required to adjust future cash flows for the time value of money if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred. An entity shall apply the new standard to insurance contracts, including reinsurance contracts, it issues, reinsurance contracts it holds and investment contracts with a discretionary participation feature (DPF) it issues.

This standard is applicable to annual periods beginning on or after 1 January 2023 but earlier application is allowed solely for those entities that apply IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers". The directors do not expect adoption of this standard will have a significant impact on the separate financial statements.

- On 9 December 2021, the IASB published "Initial application of IFRS 17 and IFRS 9 - Comparative information (Amendment to IFRS 17)". This amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities avoid temporary accounting mismatches between financial assets and insurance contract liabilities to therefore improve the usefulness of comparative information for users of financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023. The directors do not expect adoption of this amendment will have a significant impact on the separate financial statements.

- On 12 February 2021, the IASB published two amendments, "Disclosure of accounting policies - Amendments to IAS 1 and IFRS 2 Practice Statement 2" and "Definition of accounting estimates - Amendments to IAS 8". The amendments are aimed at improving the disclosure on accounting policies to provide investors and primary users of financial statements with more useful information and to assist entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The directors do not expect adoption of these amendments will have a significant impact on the separate financial statements.

- On 7 May 2021, the IASB published "Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)". It clarifies the accounting treatment of deferred tax on certain transactions that can generate assets and liabilities of the same amount, such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted. The directors do not expect adoption of these amendments will have a significant impact on the separate financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

At the reporting date, the competent bodies of the European Union have not yet completed the endorsement process for the adoption of the amendments and standards described below. The company will apply the standards and amendments at the application date and will assess their potential impact on the separate financial statements, when they have been endorsed by the European Union.

- On 23 January 2020, the IASB published "Classification of liabilities as current or non-current (Amendments to IAS 1)" and on 31 October 2022 it published "Non-current liabilities with covenants (Amendments to IAS 1)". The amendments clarify how to classify current and non-current liabilities. They

become effective for annual periods beginning on or after 1 January 2024, with earlier application permitted. The directors are assessing the effects of their application on the separate financial statements.

- On 22 September 2022, the IASB published "Lease liability in a sale and leaseback (Amendments to IFRS 16)". The amendments clarify how a seller-lessee measures lease liabilities in sale and leaseback transactions so as not to recognise a gain or loss on the right of use retained. They become effective for annual periods beginning on or after 1 January 2024, with earlier application permitted. The directors do not expect adoption of these amendments will have a significant impact on the separate financial statements.

3. FINANCIAL RISK MANAGEMENT

The company manages financial risks as an integral part of its business operations. It defines the risk categories and the operating procedures and limits for each type of transaction and/or instrument on behalf of all the group companies.

All financial instruments measured at fair value are classified at level 2 as they are priced using the mark-to-model using observable market inputs.

Given the company's role as a holding company, dealing in financial instruments is normal practice. Its core business involves investing in listed and unlisted companies and it holds on to these investments over the medium to long-term although it also engages in trading activities as is provided for in its by-laws and the ruling regulations and legislation. The company can give loans to its investees or negotiate them on their behalf to be used to finance their business plans. These loans are agreed in line with the company's objectives for returns on its investments.

The breakdown of the financial assets and liabilities required by IFRS 7 into the categories set out in IFRS 9 is set out below:

(€'000)

A- Financial assets at 31 December 2022	Note	HTC	HTCS	Other
Current financial assets:				
Cash and cash equivalents	13			96,421
Loans and other current financial assets	12	33,214	62,817	9,987
Trade receivables	9	22,889		
Non-current financial assets:				
Loans and other non-current financial assets	8	236,141		
Total A - Assets		292,244	62,817	106,408

(€'000)

B - Financial liabilities at 31 December 2022	note	Amortised cost		
Current financial liabilities:				
Accrued interest on bonds issued	19	(3,124)		
Lease liabilities	20	(327)		
Bank loans and borrowings	21	(1,758)		
Liabilities to associates	18			
Liabilities to subsidiaries and associates	23	(1,055)		
Derivatives	20	-		
Trade payables	21	(2,949)		
Non-current financial liabilities:				
Bank loans and borrowings	15	(2,637)		
Lease liabilities	15	(3,529)		
Bonds issued	15	(495,426)		
Total B - Liabilities		(510,806)	-	-

(€'000)

A- Financial assets at 31 December 2021	Note	HTC	Other
Current financial assets:			
Cash and cash equivalents	13		48,081
Loans and other current financial assets	12	27,623	
Trade receivables	9	4,562	
Non-current financial assets:			
Loans and other non-current financial assets	8	211,675	
Total A - Assets		243,860	48,081

(€'000)

B - Financial liabilities at 31 December 2021	Note	Amortised cost	Other
Current financial liabilities:			
Accrued interest on bonds issued	19	(938)	
Lease liabilities	20	(23)	
Bank loans and borrowings	21	(20,645)	
Liabilities to associates	18	-	
Liabilities to subsidiaries and associates	23	(1,001)	
Derivatives	20	(15,760)	
Trade payables	21	(1,736)	
Non-current financial liabilities:			
Bank loans and borrowings	15	(4,291)	
Lease liabilities	15	(13)	
Bonds issued	15	(395,901)	
Total B - Liabilities		(440,308)	-

Fair value and calculation models

A breakdown of the fair values of the categories of financial instruments by calculation model used to measure them is provided below:

The fair value of equity investments recognised at cost has not been calculated since these financial instruments do not have a market price listed on an active market.

(€'000)	Carrying amount		Fair value	
	Current	Non-current	Cost	Discounted cash flows
A - Financial assets at 31.12.2022				
Loan assets and other current financial assets	72,804	-	9,987	62,817
Total A - Assets	72,804	-	9,987	62,817

(€'000)	Carrying amount		Fair value	
	Current	Non-current	Cost	Discounted cash flows
B - Financial liabilities at 31.12.2022				
Bank loans and borrowings	(2,637)	(1,758)		
Bonds issued	(3,124)	(495,426)		
Total B - Liabilities	(5,761)	(497,184)	-	-

(€'000)	Carrying amount		Fair value	
	Current	Non-current	Cost	Discounted cash flows
A - Financial assets at 31.12.2021				
Loans and other current financial assets				508
Total A - Assets	-	-	-	508

(€'000)	Carrying amount		Fair value	
	Current	Non-current	Cost	Discounted cash flows
B - Financial liabilities at 31.12.2021				
Bank loans and borrowings	(4,291)	(20,645)		
Bonds issued	(938)	(395,901)		
Derivatives	(15,760)	-		
Total B - Liabilities	(20,989)	(416,546)	-	-

Hedged risks

The company is exposed to the risks specified below in relation to its financial instrument transactions. The board of directors assesses each transaction involving a material amount in advance, regularly checks the company's risk exposure and defines the market risk management policies.

Reference should be made to the "Main risks and uncertainties" section of the Directors' report for information about other risks that could affect the Alerion Group companies.

1. Commodity price risk

The company is principally exposed to electricity selling price volatility risk, i.e., the risk that changes in this commodity's selling price will affect its future revenue from electricity sales.

Its general risk management strategy for energy risks is to contain the effect of volatility caused by market price changes on its profit margins and the stability of its cash flows arising on the sale of electricity generated by its renewable power plants.

The company negotiates commodity swaps to mitigate price risk for a specific component of the specific risk embedded in the selling prices of electricity. Its related risk management objective is to protect the value of its future sales of electricity from unfavourable fluctuations in the risk component embedded in the sales price agreed with its customers.

The purpose of the hedging relationships designated as such by the company is to peg the hedged risk component tied to revenue from future highly probable electricity sales by agreeing commodity swaps.

2. Credit risk

The company's credit risk mainly relates to financial assets and services provided to its subsidiaries.

Credit risk related to financial assets mostly refers to the interest-bearing loans given to the subsidiaries. The company provides them with the liquidity necessary to allow the SPEs to develop and support their initiatives in the wind sector. The fact that the company's finance and treasury unit provides a centralised service to the group companies reduces their exposure to credit risk. The unit monitors compliance with the financial parameters set in the project financing agreements of the special purpose entities (SPEs) for their individual investment plans.

The following table breaks down trade receivables only, since none of the other financial assets are past due or have been impaired at the reporting date:

(€'000)		Gross past-due amount				Individual impairment	
31 December 2022	Net trade receivables	within 4 months	from 5 to 8 months	from 9 to 12 months	more than one year	Total past due	losses
Third parties	218	-	-	-	218	218	(218)
Subsidiaries	22,889	-	-	-	-	-	-
Total	23,107	-	-	-	218	218	218

(€'000)		Gross past-due amount				Individual impairment	
31 December 2022	Net trade receivables	within 4 months	from 5 to 8 months	from 9 to 12 months	more than one year	Total past due	losses
Third parties	218	-	-	-	218	218	(218)
Subsidiaries	4,562	-	-	-	-	-	-
Total	4,780	-	-	-	218	218	(218)

3. Liquidity risk

Liquidity risk is the risk that the company may encounter difficulties in finding the financial resources necessary to meet its contractual obligations at market conditions.

It may arise as a result of a lack of available resources to meet financial obligations according to the established terms and deadlines in the event of a sudden withdrawal of non-revolving credit lines or if the company is required to settle its financial liabilities before their natural maturity.

As a result of its bond issues, the company's debt repayments are nearly all long-term. It did not have any short-term credit lines at the reporting date.

The company has sufficient liquidity and undrawn bank credit lines to meet temporary cash requirements, make approved investments and cover the potential risk of being required to repay non-revolving credit lines, through the group's centralised treasury management.

The maturity analysis set out below presents estimated future cash flows based on the earliest period in which the company can be required to pay. The underlying assumptions are as follows:

- cash flows are not discounted;
- cash flows are allocated to time bands on the basis of the earliest contractual maturity (worst case scenario);
- all instruments held at the reporting date for which payments have already been contractually designated are included; future commitments planned but not yet recognised in the separate financial statements are not included;
- when the amount payable is not fixed (e.g., interest), the cash flows are determined by reference to the conditions existing at the reporting date (forward rates);
- cash flows include both principal and interest accruing up to the maturity of the financial liabilities recognised at the reporting date.

Liquidity analysis - 2022

(€'000)	Note	Carrying amount	on demand	within 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	after 5 years	Total cash flows
Bonds issued	15-18	(498,550)		(7,125)	(7,125)	(14,250)	(214,250)	(8,000)	(208,000)	(101,314)	(560,064)
Liabilities to subsidiaries and related parties	18	(1,055)		(1,055)							(1,055)
Bank loans and borrowings	15-18	(4,396)	(98)	(885)	(883)	(1,190)	(896)	(665)	-	-	(4,617)
Trade payables	20	(2,949)		(2,949)							(2,949)
Total		(506,950)	(98)	(12,014)	(8,008)	(15,440)	(215,146)	(8,665)	(208,000)	(101,314)	(568,685)

Liquidity analysis - 2021

(€'000)	Note	Carrying amount	on demand	within 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	after 5 years	Total cash flows
Bonds issued	15-18	(396,839)	-	-	(10,750)	(10,750)	(10,750)	(210,750)	(4,500)	(204,500)	(452,000)
Liabilities to subsidiaries and related parties	18	(1,001)	-	(1,001)	-	-	-	-	-	-	(1,001)
Bank loans and borrowings	15-18	(24,936)	(18,900)	(865)	(865)	(1,730)	(1,165)	(882)	(882)	(661)	(25,950)
Derivatives	19	(15,760)	-	-	(15,760)	-	-	-	-	-	(15,760)
Trade payables	20	(1,736)	-	(1,736)	-	-	-	-	-	-	(1,736)
Total		(440,272)	(18,900)	(3,602)	(27,375)	(12,480)	(11,915)	(211,632)	(5,382)	(205,161)	(496,447)

4. Interest rate risk

The company's exposure to interest rate risk, mainly arising on its bank loans and borrowings and caused by the volatile Euribor curve, is immaterial at 31 December 2022. This is because it only makes limited resort to corporate credit lines after the bond issues.

Sensitivity analysis

The company carried out a sensitivity analysis of its financial instruments exposed to interest rate risk at the reporting date. The model's underlying assumptions are as follows:

- interest on current account and loans to subsidiaries is recalculated by applying a change of +100/-25 bps multiplied by the carrying amounts and for an interval equal to the year;
- interest on loans and borrowings with repayment plans is recalculated by applying a change of +100/-25 bps to the financial liability's interest rate at each refixing date, multiplied by the residual principal of the year.

Sensitivity analysis - 2022 (€'000)	2022 profit or loss		2021 profit or loss	
	+100bp Euribor	-25bp Euribor	+100bp Euribor	-25bp Euribor
Bonds issued	(5,000)	1,250	(4,000)	1,000
Liabilities to subsidiaries and related parties	(11)	3	(10)	3
Bank loans and borrowings	(44)	11	(249)	62
Loans to subsidiaries	2,694	(673)	2,393	(598)
Total	(2,361)	590	(1,866)	467

NON-CURRENT ASSETS

4. INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

They amount to €30 thousand at the reporting date (they were completed amortised at 31 December 2021) and mostly comprise costs incurred to purchase software. The increase mainly refers to the purchase of user licences for €30 thousand from the subsidiary Alerion Servizi Tecnici e Sviluppo S.r.l..

5. PROPERTY, PLANT AND EQUIPMENT

This caption amounts to €3,962 thousand at the reporting date (€66 thousand at 31 December 2021) and comprises:

<i>(€'000)</i>	Buildings	Other assets	Total property, plant and equipment
Gross carrying amount at 01.01.2022	-	418	418
Accumulated depreciation	-	(352)	(352)
Carrying amount at 01.01.2022	-	66	66
Increases:			
Increases	4,057	128	4,185
Other increases	-	21	21
Total increases	4,057	149	4,206
Decreases:			
Depreciation	(268)	(13)	(281)
Transfers of assets	-	(236)	(236)
Elimination of acc. depreciation of transferred assets		236	236
Other decreases	-	(29)	(29)
Total decreases	(268)	(42)	(310)
Gross carrying amount at 31.12.2022	4,057	331	4,359
Accumulated depreciation	(268)	(158)	(397)
Carrying amount at 31.12.2022	3,789	173	3,962

Buildings include the leased building at Via Fucini 4, Milan for €4,057 thousand recognised in accordance with IFRS 16. Depreciation amounts to €268 thousand.

Other assets comprise telephone systems, fittings and electronic equipment for office use. The reduction in this caption mostly refers to i) the purchase of IT equipment already used by the group from Alerion Servizi Tecnici e Sviluppo S.r.l., ii) decreases in the carrying amount of assets to comply with IFRS 16 (€8 thousand), and iii) depreciation of €13 thousand.

6. INVESTMENTS IN SUBSIDIARIES

This caption amounts to €307,610 thousand compared to €297,787 thousand at 31 December 2021 and comprises:

(€'000)

	31.12.2022			31.12.2021		
	No. of shares/quotas	Nominal amount	Carrying amount	No. of shares/quotas	Nominal amount	Carrying amount
Alerion Servizi Tecnici e Sviluppo S.r.l.	100%	100	713	100%	100	713
Alerion Bioenergy S.r.l. in liquidation	100%	10	-	100%	10	0
Alerion Real Estate S.r.l. in liquidation	100%	90	673	100%	90	673
Fri-El Albareto S.r.l.	100%	10	5,200	100%	10	5,200
Green Energy Sardegna S.r.l.	100%	10	7,700	100%	10	7,700
Eolica PM S.r.l.	100%	20	17,950	100%	20	17,950
Callari S.r.l.	100%	1,000	9,982	100%	1,000	9,982
Dotto S.r.l.	100%	10	7,724	100%	10	7,724
Alerion Spain S.L.	51%	100	1,608	51%	100	1,058
Eolo S.r.l.	100%	750	3,418	100%	750	3,418
Krupen Wind S.r.l.	100%	10	166	100%	10	166
Minerva S.r.l.	100%	14	10,079	100%	14	10,079
Ordona Energia S.r.l.	100%	435	7,965	100%	435	7,965
Parco Eolico Licodia Eubea S.r.l.	80%	100	5,508	80%	100	5,508
Renegy San Marco S.r.l.	100%	108	18,690	100%	108	18,690
Wind Power Sud S.r.l.	100%	10	31,789	100%	10	31,789
Fri-El Ichnusa S.r.l.	100%	10	59,719	100%	10	59,719
Anemos Wind S.r.l.	100%	50	3,500	100%	50	3,500
FW Holding S.r.l.	100%	100	70,000	100%	100	70,000
Fri-El Nulvi Holding S.r.l.	90%	3,000	19,800	90%	3,000	19,800
Alerion Iberia S.L.	100%	50	100	100%	50	50
Naonis Wind S.r.l.	100%	20	2,411	100%	20	2,411
Enermac S.r.l.	100%	40	14,885	100%	40	11,672
Fucini 4 S.r.l.	100%	10	2,010	0%	-	2,010
Alerion Investments S.r.l.*	100%	10	10	0%	-	-
Alerion Service S.r.l.*	100%	100	6,000	0%	-	-
Alerion UK Ltd*	100%	GBP1	-	0%	-	-
Alerion Clean Power RO S.r.l.	100%	RON50,000	10	0%	-	10
Alerion Romania S.A. in liquidation	95%	RON100	-	95%	RON100	-
Alerion Bulgaria A.D.	92.5%	LEV50	-	92.5%	LEV50	-
Total investments in subsidiaries			307,610			297,787

* Incorporated in 2022

The increase in the caption is mostly due to i) waiver of the quotaholder loan of €550 thousand given to Alerion Spain S.L.; ii) incorporation of Alerion Investments S.r.l. for €10 thousand; iii) the capital injection of €50 thousand to Alerion Iberia S.L.; iv) acquisition of Alerion Service S.r.l. for €6,000 thousand; v) incorporation of Alerion UK Ltd for GBP1; and vi) the increase in the investment in Enermac S.r.l. for €3,213 thousand.

The list of the company's subsidiaries at the reporting date and the information required by article 2427.5 of the Italian Civil Code is provided below:

Alerion Servizi Tecnici e Sviluppo S.r.l.

Alerion Servizi Tecnici e Sviluppo S.r.l.	<i>(€'000)</i>
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	100
Investment percentage	100%
2022 profit	220
Equity at 31 December 2022 (including the profit for the year)	5,497
Carrying amount	713

Alerion Servizi Tecnici e Sviluppo S.r.l. is the group's operating company active in the wind farm engineering and construction sector. It leverages the group's development and construction experience gained over the years.

In 2022, the subsidiary continued to manage projects it is directly involved in and those of its investees. It also provided technical assistance and support to the group operating companies.

In 2022, the subsidiary acquired 100% of Brunale S.r.l., engaged in the development and preparatory activities to design solar farms in the province of Foggia.

At year end, Alerion's investment in the subsidiary has a carrying amount of €713 thousand, net of accumulated impairment losses of €3,857 thousand.

Alerion Bioenergy S.r.l. in liquidation

Alerion Bioenergy S.r.l.	<i>(€'000)</i>
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	10
Investment percentage	100%
2022 loss	(5)
Deficit at 31 December 2022 (including the loss for the year)	(41)
Carrying amount	-

During the year, this subsidiary continued with its winding up activities approved on 12 April 2017.

The provisions for future risks and charges includes an accrual of €45 thousand to cover the subsidiary's accumulated losses.

Alerion Real Estate S.r.l. in liquidation

Alerion Real Estate S.r.l. in liquidation	<i>(€'000)</i>
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	90
Investment percentage	100%
2022 loss	(16)
Equity at 31 December 2022 (including the loss for the year)	642
Carrying amount	673

During the year, this subsidiary continued with its winding up activities approved on 27 December 2006.

At year end, Alerion's investment in the subsidiary has a carrying amount of €673 thousand, net of accumulated impairment losses of €317 thousand.

Fri-El Albareto S.r.l.

Fri-El Albareto S.r.l.	<i>(€'000)</i>
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	10
Investment percentage	100%
2022 profit	3,794
Equity at 31 December 2022 (including the profit for the year)	7,392
Carrying amount	5,200

Fri-El Albareto S.r.l. owns a wind farm with installed capacity of 19.8 MW in the municipality of Albareto in Emilia-Romagna. The farm's construction was completed on 27 June 2019 after which it commenced operations. The subsidiary entered into a €22.9 million project financing agreement with a bank syndicate comprising UniCredit S.p.A. and Natixis - Milan branch as structuring MLA and hedging banks and UniCredit S.p.A. also acting as the agent bank. It has been able to repay its instalments in line with the repayment schedule thanks to its performance.

2022 electricity production was 43,124 MWh compared to 43,535 MWh in 2021.

At year end, Alerion's investment in this subsidiary has a carrying amount of €5,200 thousand.

Green Energy Sardegna S.r.l.

Green Energy Sardegna S.r.l.	<i>(€'000)</i>
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	10
Investment percentage	100%
2022 profit	6,796
Equity at 31 December 2022 (including the profit for the year)	11,436
Carrying amount	7,700

Green Energy Sardegna S.r.l. owns a wind farm with installed capacity of 30.8 MW in the municipalities of Villacidro and San Gavino Monreale in Sardinia. Construction was completed on 31 January 2019 after which the wind farm became operational.

The subsidiary entered into a €33 million project financing agreement with UniCredit S.p.A. and Natixis - Milan branch as structuring MLA and hedging banks and UniCredit S.p.A. also acting as the agent bank.

It has been able to repay its instalments in line with the repayment schedule thanks to its performance.

2022 electricity production was 63,063 MWh compared to 69,472 MWh in 2021.

At year end, Alerion's investment in this subsidiary has a carrying amount of €7,700 thousand.

Eolica PM S.r.l.

Eolica PM S.r.l.	<i>(€'000)</i>
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	20
Investment percentage	100%
2022 profit	14,922
Equity at 31 December 2022 (including the profit for the year)	21,273
Carrying amount	17,950

Eolica PM S.r.l. owns a wind farm with installed capacity of 51.8 MW in the municipalities of Morcone and Pontelandolfo in Campania. Construction was completed on 1 August 2019 after which the wind farm became operational.

The subsidiary entered into a €53.2 million project financing agreement with a bank syndicate comprising UniCredit S.p.A. and Natixis - Milan branch as structuring MLA and hedging banks and UniCredit S.p.A. also acting as the agent bank.

It has been able to repay its instalments in line with the repayment schedule thanks to its performance.

2022 electricity production was 130,475 MWh compared to 146,735 MWh in 2021.

At year end, Alerion's investment in this subsidiary has a carrying amount of €17,950 thousand.

Callari S.r.l.

Callari S.r.l.	<i>(€'000)</i>
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	1,000
Investment percentage	100%
2022 profit	4,342
Equity at 31 December 2022 (including the profit for the year)	10,544
Carrying amount	9,982

Callari S.r.l. owns a wind farm with installed capacity of 36 MW in the province of Catania. In 2022, it continued its business commenced in February 2009 of producing wind energy with an output of 50,674 MWh compared to 55,539 MWh in 2021.

At year end, Alerion's investment in this subsidiary has a carrying amount of €9,982 thousand.

Dotto S.r.l.

Dotto S.r.l.	<i>(€'000)</i>
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	10
Investment percentage	100%
2022 profit	933
Equity at 31 December 2022 (including the profit for the year)	8,036
Carrying amount	7,724

Dotto S.r.l. owns a wind farm with installed capacity of 20 MW in the municipality of Ciorlano (CE). In 2022, it continued to produce wind energy with an output of 16,582 MWh compared to 17,569 MWh in 2021.

At year end, Alerion's investment in the subsidiary has a carrying amount of €7,724 thousand, net of accumulated impairment losses of €8,955 thousand.

Eolo S.r.l.

Eolo S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	750
Investment percentage	100%
2022 loss	(288)
Equity at 31 December 2022 (including the profit for the year)	564
Carrying amount	3,418

Eolo S.r.l. owns a wind farm with installed capacity of 8.5 MW in the municipality of Albanella (SA). In 2022, it continued to produce wind energy with an output of 9,210 MWh compared to 9,641 MWh in 2021.

Its eligibility for the feed-in tariff scheme ended in February 2016.

At year end, Alerion's investment in this subsidiary has a carrying amount of €3,418 thousand, net of accumulated impairment losses of €1,031 thousand.

Minerva S.r.l.

Minerva S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	14
Investment percentage	100%
2022 profit	3,849
Equity at 31 December 2022 (including the profit for the year)	8,976
Carrying amount	10,079

Minerva S.r.l. owns a wind farm with installed capacity of 23 MW in the municipality of Castel di Lucio (ME). It started operations in June 2010.

In 2022, it continued its business of producing wind energy with an output of 32,691 MWh compared to 36,953 MWh in 2021.

At year end, Alerion's investment in this subsidiary has a carrying amount of €10,079 thousand, net of accumulated impairment losses of €7,634 thousand.

Ordonia Energia S.r.l.

Ordonia Energia S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	435
Investment percentage	100%
2022 profit	5,039
Equity at 31 December 2022 (including the profit for the year)	13,477
Carrying amount	7,965

Ordonia Energia S.r.l. owns a wind farm with installed capacity of 34 MW in the municipality of Ordonia (FG). It started operations in May 2009.

In 2022, the subsidiary continued its business of producing wind energy with an output of 58,611 MWh compared to 60,215 MWh in 2021.

At year end, Alerion's investment in this subsidiary has a carrying amount of €7,965 thousand.

Parco Eolico Licodia Eubea S.r.l.

Parco Eolico Licodia Eubea S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	100
Investment percentage	80%
2022 profit	3,731
Equity at 31 December 2022 (including the profit for the year)	8,189
Carrying amount	5,508

Parco Eolico Licodia Eubea S.r.l. owns a wind farm, which became operational in September 2010, with installed capacity of 22 MW in the municipality of Licodia Eubea (CT). The other quotaholder Nova Energia S.r.l. has a 20% interest.

In 2022, it continued its business of producing wind energy with an output of 31,165 MWh compared to 29,572 MWh in 2021.

At year end, Alerion's investment in this subsidiary has a carrying amount of €5,508 thousand, net of accumulated impairment losses of €8,161 thousand.

Renergy San Marco S.r.l.

Renergy San Marco S.r.l.	<i>(€'000)</i>
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	108
Investment percentage	100%
2022 profit	5,303
Equity at 31 December 2022 (including the profit for the year)	21,976
Carrying amount	18,690

Renergy San Marco S.r.l. owns a wind farm, which became operational in July 2009, with installed capacity of 44.2 MW in the municipality of San Marco in Lamis (FG).

In 2022, it continued its business of producing wind energy with an output of 62,662 MWh compared to 62,680 MWh in 2021.

At year end, Alerion's investment in this subsidiary has a carrying amount of €18,690 thousand.

Wind Power Sud S.r.l.

Wind Power Sud S.r.l.	<i>(€'000)</i>
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	10
Investment percentage	100%
2022 loss	(2,884)
Equity at 31 December 2022 (including the profit for the year)	27,210
Carrying amount	31,789

Wind Power Sud S.r.l. owns a wind farm with installed capacity of 33.2 MW in the municipalities of Agrigento and Naro (AG).

In 2022, the subsidiary continued its business of producing wind energy with an output of 45,808 MWh compared to 48,758 MWh in 2021.

At year end, Alerion's investment in this subsidiary has a carrying amount of €31,789 thousand, net of accumulated impairment losses of €650 thousand.

Fri-El Ichnusa S.r.l.

Fri-El Ichnusa S.r.l.	<i>(€'000)</i>
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	10
Investment percentage	100%
2022 profit	6,150
Equity at 31 December 2022 (including the profit for the year)	23,119
Carrying amount	59,719
Equity of the subsidiaries at 31 December 2022 (including the profit for the year)	27,074

Fri-El Ichnusa S.r.l. is a holding company that wholly owns Fri-El Campidano S.r.l., which has a wind farm with installed capacity of 70 MW in the municipality of Campidano (SU). The subsidiary was acquired for a consideration of €59,719 thousand, equal to the investment's carrying amount at year end, on 1 August 2019.

Anemos Wind S.r.l.

Anemos Wind S.r.l.	<i>(€'000)</i>
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	50
Investment percentage	100%
2022 profit	686
Equity at 31 December 2022 (including the profit for the year)	5,692
Carrying amount	3,500

Anemos Wind S.r.l. owns a wind farm with installed capacity of 50 MW in Regalbuto (EN). 2022 electricity production was 54,249 MWh compared to 59,745 MWh in 2021. Alerion acquired this subsidiary in a bankruptcy auction for €3,500 thousand (equal to the investment's carrying amount at year end) on 14 November 2019.

In 2022, the subsidiary agreed project financing of €18,500 thousand with Banco BPM S.p.A., disbursed on the agreement date. The last repayment date is 31 December 2028 and the financing bears interest at the 6M Euribor plus a spread of 1.550%. On 12 May 2022, the subsidiary entered into an interest rate swap with Banco BPM, effective from 30 June 2022 until 31 December 2028, converting the variable interest rate into a fixed rate of 1.389%. It has been able to repay its instalments in line with the repayment schedule thanks to its performance.

Krupen Wind S.r.l.

Krupen Wind S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	10
Investment percentage	100%
2022 loss	(16)
Equity at 31 December 2022 (including the loss for the year)	25
Carrying amount	166
Equity of the subsidiaries at 31 December 2022 (including the profit for the year)	7,469

Krupen Wind S.r.l., set up on 11 January 2013, produces electricity from renewable sources. Through its 51% interests in four SPEs acquired on 19 December 2013, it owns an operating wind farm in Krupen (Bulgaria) with installed capacity of 12 MW. At year end, Alerion's investment in this subsidiary has a carrying amount of €166 thousand.

Alerion Spain S.L.

Alerion Spain S.L.	(€'000)
<i>Registered office: Barcelona, Calle Angli 31 - Spain</i>	
Share capital	100
Investment percentage	51%
2022 profit	192
Equity at 31 December 2022 (including the profit for the year)	886
Carrying amount	1,608
Equity of the subsidiaries at 31 December 2022 (including the profit for the year)	18,480

The company set up this Spanish subsidiary on 16 January 2019 to act as a holding company. It indirectly owns the Spanish company Comiolica S.L., which has a wind farm with installed capacity of 36 MW in the municipality of Aliaga (Teruel, Spain).

FW Holding S.r.l.

FW Holding S.r.l.	(€'000)
<i>Piazza del Grano 3 - 39100 Bolzano</i>	
Quota capital	100
Investment percentage	100%
2022 profit	6,408
Equity at 31 December 2022 (including the profit for the year)	35,727
Carrying amount	70,000
Equity of the subsidiaries at 31 December 2022 (including the profit for the year)	80,788

On 27 February 2020, the company approved the acquisition of 100% of FW Holding S.r.l., which has investments in Fri-El Ricigliano S.r.l. (owner of an operating wind farm in the municipality of Ricigliano with installed capacity of 36 MW) and Fri-El Basento S.r.l. (which in turn controls Fri-El Grottole S.r.l., owner of an operating wind farm in the municipality of Grottole (MT) with installed capacity of 54 MW). The transaction involved the acquisition of their 50% investments in FW Holding S.r.l. from Winco Energreen S.p.A. and Fri-El Green Power S.p.A. for a consideration of €70,000 thousand.

Fri-El Nulvi Holding S.r.l.

Fri-El Nulvi Holding S.r.l.	(€'000)
<i>Piazza del Grano 3 - 39100 Bolzano</i>	
Quota capital	3,000
Investment percentage	90%
2022 profit	4,088
Equity at 31 December 2022 (including the profit for the year)	17,218
Carrying amount	19,800
Equity of the subsidiaries at 31 December 2022 (including the profit for the year)	17,313

On 27 February 2020, the company approved the acquisition of 90% of Fri-El Nulvi Holding S.r.l. ("Nulvi"), which has an investment in Fri-El Anglona S.r.l. which owns an operating wind farm with total installed capacity of 29.75 MW located in the municipalities of Nulvi and Tergu (SS). Specifically, Alerion acquired 60% from Fri-El Green Power S.p.A. and 30% from BBL S.r.l., paying €19,800 thousand.

Alerion Iberia S.L.

Alerion Iberia S.L.	(€'000)
<i>Calle Angli, 31 - 08017 Barcelona, Spain</i>	
Share capital	50
Investment percentage	100%
2022 loss	(34)
Equity at 31 December 2022 (including the loss for the year)	30
Carrying amount	100

Alerion set up this subsidiary with a share capital of €50 thousand on 29 April 2020.

Naonis Wind S.r.l.

Naonis Wind S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	20
Investment percentage	100%
2022 profit	503
Equity at 31 December 2022 (including the profit for the year)	3,429
Carrying amount	2,411

On 22 October 2020, the company acquired 100% of Naonis Wind S.r.l., which has a permit to build and operate a wind farm with total capacity of 12.6 MW in Tre Santi - posta Crusa in the municipality of Cerignola (FG). On 26 January 2021, the subsidiary was awarded 12.6 MW of new renewable capacity in the FER (renewable energy sources) auction called by the Italian energy services operator, Gestore Servizi Energetici S.p.A. ("GES"). This means it is eligible for a feed-in tariff of €68.5/MWh for 20 years.

On 14 April 2022, the subsidiary agreed project financing of €11,300 thousand with Unicredit S.p.A. and Cassa Depositi e Prestiti S.p.A.. The financing bears interest at the 6M Euribor plus a spread of 1.80%. On 24 May 2022, the subsidiary entered into an interest rate swap with Unicredit S.p.A. effective from 30 June 2039 until 30 December 2039, converting the variable interest rate into a fixed rate of 1.896%. It has been able to repay its instalments in line with the repayment schedule thanks to its performance.

The wind farm started to operate on 28 May 2022 and has produced 7,125 MWh.

At year end, Alerion's investment in this subsidiary has a carrying amount of €2,411 thousand.

Enermac S.r.l.

Enermac S.r.l.	<i>(€'000)</i>
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	40
Investment percentage	100%
2022 profit	4,355
Equity at 31 December 2022 (including the profit for the year)	9,085
Carrying amount	14,885

On 15 December 2020, the company acquired 100% of Enermac S.r.l. from Alerion Servizi Tecnici e Sviluppo S.r.l.. Enermac has a permit to build and operate two wind farms with total capacity of 27.2 MW and 23.8 MW in La Ficora and Tre Confini in the municipality of Orta Nova (FG). On 29 January 2020, the subsidiary was awarded 51 MW of new renewable capacity for the two wind farms in the FER (renewable energy sources) auction called by the Italian energy services operator, Gestore Servizi Energetici S.p.A. ("GES"). This means it is eligible for a feed-in tariff of €68.25/MWh for 20 years.

On 14 April 2022, the subsidiary agreed project financing of €54,300 thousand with Unicredit S.p.A. and Cassa Depositi e Prestiti S.p.A.. The financing bears interest at the 6M Euribor plus a spread of 1.80%. On 16 May 2022, the subsidiary entered into an interest rate swap with Unicredit S.p.A. effective from 30 June 2022 until 31 December 2039, converting the variable interest rate into a fixed rate of 1.925%. It has been able to repay its instalments in line with the repayment schedule thanks to its performance.

The wind farm commenced operations on 26 May 2022 and have produced 34,963 MWh.

At year end, Alerion's investment in this subsidiary has a carrying amount of €14,885 thousand.

Alerion Romania S.A. in liquidation

Alerion Romania S.A. in liquidation	<i>(€'000)</i>
<i>Registered office: Oradea, Cetatii square n.1, Bihor County, Romania</i>	
Share capital	RON100
Investment percentage	95%
2022 profit	-
Deficit at 31 December 2022 (including the profit for the year)	(1,623)
Carrying amount	-

Alerion Romania S.A. is a Romanian company 95% owned by Alerion. It was put into liquidation in 2014 and the related procedures were completed during the year. Although the subsidiary had a deficit at 31 December 2021, this situation does not have to be remedied under applicable Romanian law.

The company wrote off its equity investment in previous years and has also written off the loan of €2,993 thousand which could be used to recapitalize the subsidiary should Alerion waive its right to repayment.

Alerion Bulgaria OOD S.A.

Alerion Bulgaria OOD S.A.	<i>(€'000)</i>
<i>Registered office: Sofia, 6th Septemvri str. 6A, Bulgaria</i>	
Share capital	LEV90
Investment percentage	92.50%
2022 loss	(24)
Deficit at 31 December 2022 (including the loss for the year)	(91)
Carrying amount	-

Alerion Bulgaria OOD S.A. is a Bulgarian company 92.5% owned by Alerion. Although it had a deficit at 31 December 2021, this situation does not have to be remedied under applicable Bulgarian law.

Alerion had written off its equity investment in previous years.

Alerion Clean Power RO S.r.l.

Alerion Clean Power RO S.r.l.	<i>(€'000)</i>
<i>Registered office: Bucuresti Sectorul 2, Calea Floreasca nr. 175, partea B, Etaj 3</i>	
Quota capital	RON50
Investment percentage	100%
2022 loss	(2,167)
Deficit at 31 December 2022 (including the loss for the year)	(2,749)
Carrying amount	10
Deficit of the subsidiaries at 31 December 2022 (including the loss for the year)	(3,418)

The company incorporated Alerion Clean Power RO S.r.l. on 25 May 2021. It is a holding company of the investments in the Romanian group companies and also promotes wind and photovoltaic projects in Romania.

Fucini 4 S.r.l.

Fucini 4 S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	10
Investment percentage	100%
2022 loss	(123)
Equity at 31 December 2022 (including the loss for the year)	2,210
Carrying amount	2,010

Fucini 4 S.r.l. is an Italian company set up on 13 July 2021 by the company to purchase, restructure and maintain the building at Via Fucini 4, Milan.

On 14 January 2022, Fucini 4 S.r.l. agreed a mortgage loan of €3,850,000 with Banco BPM S.p.A.. The loan bears interest at the 6M Euribor plus a spread of 1.6 bps. An interest rate swap was concurrently agreed with the bank to hedge fluctuations in the variable interest rate.

Alerion Investments S.r.l.

Alerion Investments S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	10
Investment percentage	100%
2022 profit	-
Equity at 31 December 2022 (including the profit for the year)	10
Carrying amount	10

On 2 August 2022, the company set up the Italian company Alerion Investments S.r.l., with a quota capital of €10 thousand, to invest liquidity in debt instruments or in other companies to maximise its return. As specified in its by-laws, the subsidiary cannot solicit funds or investments from the public nor can it give guarantees to third parties.

Alerion UK Ltd

Alerion UK Ltd	(€'000)
<i>Gateway House, Old Hall Road, Bromborough, Wirral, United Kingdom</i>	
Share capital	GBP1
Investment percentage	100%
2022 loss	(226)
Deficit at 31 December 2022 (including the loss for the year)	(226)
Carrying amount	-

The company incorporated Alerion UK Ltd with a share capital of GBP1 to promote wind and photovoltaic development projects in the United Kingdom.

Alerion Service S.r.l.

Alerion Service S.r.l.	<i>(€'000)</i>
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	100
Investment percentage	100%
2022 profit	628
Equity at 31 December 2023 (including the profit for the year)	5,550
Carrying amount	6,000

On 25 May 2022, the company acquired Alerion Service S.r.l. from Fri-El Service S.r.l.. Alerion Service S.r.l. was set up in 2022 to receive the Fri-El Service S.r.l. business unit, which provides maintenance services to wind farms. The company paid €6,000 thousand, which is the same as the investment's carrying amount.

Impairment testing

As required by IAS 36, an impairment test was performed and approved by the company's board of directors in its meeting of 9 March 2023. The scope of such test was to confirm that the carrying amount of the company's investments in subsidiaries, joint ventures and associates was higher than their recoverable amount at the reporting date.

At each reporting date, the company assesses whether there is any indication that an equity investment may be impaired. If there is any indication of impairment, it estimates the recoverable amount of the asset. As provided for by its internal policy, the company tests the investments in subsidiaries, joint ventures and associates for impairment even when indicators of impairment do not exist.

When assessing the existence of an indication of impairment, the company considers information from both internal and external sources. Specifically, potential impairment indicators have been identified as medium to long-term price scenarios and the difference between the investments' carrying amounts and the company's share of their net equity. Impairment testing did not include equity investments acquired or investees set up by the company during the year, which are recognised at their acquisition-date fair value. In 2022, the company set up Alerion Investments S.r.l. (€10 thousand) and Alerion UK Ltd (GBP1) and acquired Alerion Service S.r.l. for €6,000 thousand.

In accordance with the provisions of IAS 36 "Impairment of assets", the company estimated the equity investments' recoverable amounts on the basis of their economic value, considering the future cash flows that the investees can generate. On the basis of the company's strategic and organisational decisions, in testing these assets, it made reference to the individual projects/plants, each of which is identifiable with a company. These companies represent the smallest identifiable cash-generating units, as the assets tested for impairment are not able to

generate cash inflows independently of those arising from other assets or groups of assets held by the individual companies.

Impairment testing did not include investments in the inactive companies or those acquired during the year because they were recognised at their acquisition-date fair value when they were consolidated for the first time and no indicators of impairment emerged. Specifically, the group referred to the appraisal prepared by an independent expert on 27 October 2022 to calculate the recoverable amount of the investments in Guardionara, Andromeda and Anzi.

The company estimated the operating companies' economic value using a cash flow plan determined according to the assets' expected useful life, net of debt existing at the measurement date. Given the particular type of business, which involves investments with returns in the medium term and cash flows over a long-term time horizon, the plan period exceeds five years. In particular, in order to determine the recoverable amount of the wind farms, the company discounted the operating cash flows - which take account of investment levels suitable for maintaining the operational efficiency of the plants - to present value on the basis of the term of the various projects' concessions, on average 29 years after the start of production.

The cash flow projections are based on the following assumptions:

- expected production of wind farms based on the historical productivity averages of individual farms;
- expected selling prices extrapolated from market projections for the electricity price curve. With regard to the feed-in tariffs, however, the company made reference to the sector regulatory requirements;
- production costs deriving from historical analyses or standard costs of comparable projects;
- investments to ensure the normal operation of plants (refitting) assumed on the basis of internal estimates;
- terminal value: the sale price estimated by discounting net cash flows after the explicit period of 29 years, reduced by 20%.

The operating companies' individual plans were approved by the relevant sole director or board of directors, as the case may be.

The company discounted the resulting post-tax cash flows at a rate reflecting the weighted average cost of capital (WACC) invested. This rate was 5.93% in Italy (4.50% at 31 December 2021), 5.53% in Spain (4.14% at 31 December 2021) and 6.77% in Bulgaria (4.32% at 31 December 2021), also calculated net of tax.

Company management estimated the possible tax on gains implicit in the equity investments on a participation exemption basis.

The impairment test showed that the equity investments' carrying amount matched their recoverable amounts and, therefore, the company did not recognise any impairment losses.

Plant	Investments in subsidiaries	Carrying amount after impairment test
Albanella	Eolo S.r.l.	3,418
Ciorlano	Dotto S.r.l.	7,724
Monte Petراسي	Wps S.r.l.	31,789
Callari	Callari S.r.l.	9,982
Ordonա	Ordonա S.r.l.	7,965
Castel di Lucio	Minerva S.r.l.	10,079
Licodia Eubea	P. E. Licodia S.r.l.	5,508
Reenergy San Marco	Reenergy San Marco S.r.l.	18,690
Eolica PM	Eolica PM S.r.l.	17,950
Regalbuto	Anemos wind S.r.l.	3,500
Campidano	Friel Ichnusa S.r.l.	59,719
Green Energy Sardegna	Green Energy Sardegna S.r.l.	7,700
Albareto	Fri-el Albareto S.r.l.	5,200
Nulvi-Tergu	Fri-El Nulvi Holding S.r.l.	19,800
Ricigliano - Grottole	FW Holding S.r.l.	70,000
Cerignola	Naonis S.r.l.	2,411
Ortanova (Enermac)	Enermac S.r.l.	14,885
Comiolica	Alerion Spain S.L.	1,608
Krupen	Krupen Wind S.r.l.	166
Total		298,094

Plant	Investments in joint ventures	Carrying amount after impairment test
Lacedonia	Ecoenergia S.r.l.	2,406
San Martino in Pensilis	New Green Molise S.r.l.	14,240
Total		16,646

Sensitivity analysis

Impairment testing is based on information currently available and reasonable estimates of, inter alia, trends in wind, electricity prices, production costs and interest rates. In this context, the company performed a sensitivity analysis of the recoverable amount of the equity investments, assuming a reduction in electricity selling prices and an increase in the discount rate. In particular, with regard to the volatility of electricity prices which has characterised the electricity market in recent years, the following sensitivity analyses were carried out with regard to the "base case", with electricity prices 5% lower and a discount rate 0.5 percentage points higher.

Specifically:

- in the event of a 5% reduction in electricity prices over the entire plan period, the carrying amount of these assets would not change and therefore would not need to be impaired;

- in the event of a 0.5 percentage point increase in the discount rate, the carrying amount of the assets would not change and therefore would not need to be impaired.

The directors carefully monitor any changes in the above external variables that the company cannot control in order to adjust estimates of the recoverability of the carrying amounts of these assets.

The company based its assessment of the recoverable amount of the equity investments on the most recent budgets and business plans, whose underlying internal and market assumptions are defined considering both internal and external variables. In any case, a reduction in electricity prices would be partly offset in the following year by an increase in the feed-in tariff paid by the Italian energy services operator, where applicable, due to the construction of the relevant formula.

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Investments in joint ventures and associates amount to €45,646 thousand (€45,646 thousand at 31 December 2021) as follows:

(€'000)	31.12.2022			31.12.2021		
	No. of shares/quotas	Nominal amount	Carrying amount	No. of shares/quotas	Nominal amount	Carrying amount
New Green Molise S.r.l.	50%	10	14,240	50%	10	14,240
Ecoenergia Campania S.r.l.	50%	100	2,406	50%	100	2,406
Andromeda Wind S.r.l.	49%	465	11,500	49%	465	11,500
FRI-EL Anzi Holding S.r.l.	49%	10	-	49%	10	8,000
Fri-El Anzi S.r.l.	49%	50	8,000	0%	0	0
FRI-EL Guardionara S.r.l.	49%	10	9,500	49%	10	9,500
Total investments in joint ventures and associates			45,646			45,646

As described earlier, the reverse merger between Fri-El Anzi S.r.l. (wholly owned by Fri-El Anzi Holding S.r.l.) and Fri-El Anzi Holding S.r.l. became effective on 1 January 2022 with the concurrent reclassification of the investment in Fri-El Anzi Holding S.r.l. to that in Fri-El Anzi S.r.l..

The company tested the investments in the joint ventures New Green Molise S.r.l., Ecoenergia Campania S.r.l., Fri-El Anzi S.r.l., Fri-El Guardionara S.r.l. and Andromeda Wind S.r.l. for impairment, as described in the section on impairment testing above.

The list of the company's associates at the reporting date and the information required by article 2427.5 of the Italian Civil Code is provided below.

New Green Molise S.r.l.

New Green Molise S.r.l.	<i>(€'000)</i>
<i>Registered office: Napoli - Via Diocleziano, 107</i>	
Quota capital	10
Investment percentage	50%
2022 profit	4,392
Equity at 31 December 2022 (including the profit for the year)	35,679
Portion attributable to the company	17,840
Carrying amount	14,240

New Green Molise S.r.l. owns a wind farm in San Martino in Pensilis in the province of Campobasso, with installed capacity of 58 MW. The wind farm has been operational since October 2010.

It entered into a €93.4 million project financing agreement with Intesa San Paolo S.p.A. (formerly Banca Infrastrutture Innovazione e Sviluppo S.p.A.), UniCredit S.p.A. (formerly Unicredit Medio Credito Centrale S.p.A.), Banca Popolare dell'Emilia Romagna SC (formerly Meliorbanca S.p.A.), UBI S.c.p.A. (formerly Centrobanca Banca di Credito Finanziario e Mobiliare S.p.A.) in 2010. It prepaid €9.3 million of this loan in 2013 and then prepaid the remainder and settled the derivative in advance on 30 June 2022.

In 2022, the associate continued its business of producing wind energy with an output of 98,624 MWh compared to 107,229 MWh in 2021.

At year end, Alerion's investment in this associate has a carrying amount of €14,240 thousand.

Ecoenergia Campania S.r.l.

Ecoenergia Campania S.r.l.	<i>(€'000)</i>
<i>Registered office: Cervinara, Via Cardito 14</i>	
Quota capital	100
Investment percentage	50%
2022 profit	2,329
Equity at 31 December 2022 (including the profit for the year)	6,214
Portion attributable to the company	3,107
Carrying amount	2,406

Ecoenergia Campania S.r.l. owns a wind farm with installed capacity of 15 MW in Lacedonia in the province of Avellino. In 2022, it continued its business of producing wind energy with an output of 23,082 MWh compared to 25,158 MWh in 2021.

At year end, Alerion's investment in this associate has a carrying amount of €2,406 thousand.

Andromeda Wind S.r.l.

Andromeda Wind S.r.l.	<i>(€'000)</i>
<i>Piazza del Grano 3 - 39100 Bolzano</i>	
Quota capital	465
Investment percentage	49%
2022 profit	3,164
Equity at 31 December 2022 (including the profit for the year)	13,561
Portion attributable to the company	6,645
Carrying amount	11,500

Andromeda Wind S.r.l. owns a wind farm, which became operational in January 2011, with installed capacity of 26 MW in the municipality of Ururi (CB). In 2022, it continued its business of producing wind energy with an output of 43,760 MWh (50,324 MWh in 2021). The cost to acquire the investment therein was €11,500 thousand.

Fri-El Anzi S.r.l.

Fri-El Anzi S.r.l.	<i>(€'000)</i>
<i>Piazza del Grano 3 - 39100 Bolzano</i>	
Quota capital	10
Investment percentage	49%
2022 profit	3,395
Equity at 31 December 2022 (including the profit for the year)	9,775
Portion attributable to the company	4,790
Carrying amount	8,000

Fri-El Anzi S.r.l. owns a wind farm, which became operational in 2011, with installed capacity of 16 MW in Cupolicchio - Acqua La Pila in the municipality of Anzi (PZ). In 2022, it continued its business of producing wind energy with an output of 29,692 MWh (32,850 MWh in 2021). The cost to acquire the investment therein was €8,000 thousand.

Fri-El Guardionara S.r.l.

FRI-EL Guardionara S.r.l.	(€'000)
<i>Piazza del Grano 3 - 39100 Bolzano</i>	
Quota capital	10
Investment percentage	49%
2022 profit	2,592
Equity at 31 December 2022 (including the profit for the year)	12,890
Portion attributable to the company	6,316
Carrying amount	9,500

Fri-El Guardionara S.r.l. owns a wind farm, which became operational in June 2010, with installed capacity of 24.7 MW in the municipalities of San Basilio and Siurgus Donigal (CA). In 2022, it continued its business of producing wind energy with an output of 36,734 MWh (41,313 MWh in 2021).

8. LOANS AND OTHER NON-CURRENT FINANCIAL ASSETS

This caption amounts to €236,140 thousand (€211,675 thousand at 31 December 2021) and comprises loans given to: i) Callari S.r.l. (€11,736 thousand); ii) Alerion UK Ltd (€348 thousand); iii) Alerion Service S.r.l. (€5,737 thousand); iv) Alerion Investments S.r.l. (€30,068 thousand); v) Fri-El Albareto S.r.l. (€2,334 thousand); vi) Fucini 4 S.r.l. (€2,266 thousand); vii) Krupen Wind S.r.l. (€2,368 thousand); viii) Minerva S.r.l. (€8,870 thousand); ix) Ordonia Energia S.r.l. (€13,696 thousand); x) Parco Eolico Licodia Eubea S.r.l. (€7,014 thousand); xi) Renergy San Marco S.r.l. (€8,943 thousand); xii) Alerion Clean Power RO S.r.l. (€109,095 thousand); xiii) Alerion Spain S.L. (€11,827 thousand); xiv) Wind Energy EOOD (€58 thousand); xv) Wind Power 2 EOOD (€95 thousand); xvi) Wind Stream EOOD (€370 thousand); xvii) Wind System EOOD (€91 thousand); xviii) Fri-El Ichnusa S.r.l. (€3,429 thousand); xix) New Green Molise S.r.l. (€2,936 thousand); xx) Eolo S.r.l. (€165 thousand); xxi) Enermac S.r.l. (€4,754 thousand); and xxii) Alerion Servizi Tecnici e Sviluppo S.r.l. (€10,080 thousand).

Reference should be made to the note to "Related party and intragroup transactions" for information on the relevant terms and conditions.

CURRENT ASSETS

9. TRADE RECEIVABLES

Trade receivables amount to €22,889 thousand (€4,562 thousand at 31 December 2021) and comprise:

<i>(€'000)</i>	31.12.2022	31.12.2021	Change
Subsidiaries	22,889	4,562	18,327
Other companies	-	-	-
Total trade receivables	22,889	4,562	18,327

Reference should be made to the note to “Related party and intragroup transactions” for information on the relevant terms and conditions”.

Trade receivables from other companies are presented net of a loss allowance of €218 thousand (€218 thousand at 31 December 2021).

Trade receivables do not bear interest and are generally due within 30-45 days.

10. TAX ASSETS

The company does not have tax assets at the reporting date (€44 thousand at 31 December 2021).

11. OTHER CURRENT ASSETS

Other current assets amount to €46,169 thousand (€62,702 thousand at 31 December 2021) and comprise:

<i>(€'000)</i>	31.12.2022	31.12.2021	Change
Tax assets	1,171	460	711
Other assets with subsidiaries and related parties	44,068	58,521	(14,453)
Other assets	930	3,721	(2,791)
Total other current assets	46,169	62,702	(16,533)

Tax assets mostly comprise VAT.

Other assets with subsidiaries and related parties principally consist of i) dividends approved but not yet distributed by subsidiaries; and ii) assets arising from the group’s tax consolidation scheme.

12. LOANS AND OTHER CURRENT FINANCIAL ASSETS

Loans amount to €106,019 thousand (€27,623 thousand at 31 December 2021) and comprise:

<i>(€'000)</i>	31.12.2022	31.12.2021	Change
Loans to subsidiaries	33,135	27,600	5,535
Bonds	62,817	-	62,817
Time deposits	9,987	-	9,987
Other assets	80	23	57
Total	106,019	27,623	78,396

“Loans to subsidiaries” mainly comprise the current portion of the intragroup loans given to: i) Renergy San Marco S.r.l. (€4,100 thousand); ii) Minerva S.r.l. (€5,400 thousand); iii) Parco

Eolico Licodia Eubea S.r.l. (€6,000 thousand); iv) Dotto S.r.l. (€604 thousand); v) New Green Molise S.r.l. (€1,000 thousand); vi) Fucini 4 S.r.l. (€200 thousand); vii) Ordon Energia S.r.l. (€4,500 thousand); viii) Callari S.r.l. (€3,000 thousand); ix) Fri-El Ichnusa S.r.l. (€300 thousand); x) Naonis Wind S.r.l. (€696 thousand); xi) Fri-El Albareto S.r.l. (€1,000 thousand); xii) Enermac S.r.l. (€5,000 thousand); xiii) Eolica PM S.r.l. (€68 thousand); and xiv) Green Energy Sardegna S.r.l. (€267 thousand).

The company has temporarily invested liquidity in time deposits (€9,987 thousand, with a residual term of nine months) and bonds of leading financial institutions (€62,817 thousand, with an average term of around five years). Its investments are recognised net of accumulated impairment losses in accordance with IFRS 9 and any fair value gains or losses.

13. CASH AND CASH EQUIVALENTS

(€'000)	31.12.2022	31.12.2021	Change
Demand deposits	96,414	48,076	48,338
Cash and cash equivalents on hand	7	5	2
Total cash and cash equivalents	96,421	48,081	48,340

The caption comprises the company's cash and cash equivalents at the reporting date.

14. EQUITY

Equity amounts to €286,723 thousand compared to €218,662 thousand at 31 December 2021. Changes during the year mainly relate to:

- the profit for the year of €94,366 thousand;
- net actuarial gains on defined benefit plans (IAS 19) of €7 thousand, recognised in OCI;
- net fair value losses of €891 thousand on bonds (classified under financial assets) recognised directly in OCI, net of tax;
- the repurchase of treasury shares of €2,169 thousand;
- an increase of €509 thousand in the IFRS 2 reserve due to recognition of the effects of the stock grant incentive plan for 2021 and 2022. The plan provides for the free assignment of shares to executive directors and/or key management personnel and/or employees and/or consultants with strategically important roles who provide strategic services if performance targets are met at the end of the vesting period. The maximum number of shares that can be assigned to the beneficiaries (overperformance as per the terms and conditions set out in the related regulation) is 43,145 shares (in this case treasury shares). The company recognises the services rendered by the beneficiaries as personnel expenses and indirectly estimates their value and the related increase in equity based on the fair value of the equity instruments at the grant date, as established by IFRS 2;
- the partial distribution of available reserves for €23,762 thousand. At their meeting of 22 April 2022, the company's shareholders approved the proposed distribution of a dividend

from available reserves of €0.44 per outstanding ordinary share (excluding treasury shares), net or gross of tax, depending on the applicable tax regime, with payment as of 25 May 2022 and detachment date of coupon 11 on 23 May 2022. The company distributed the dividend in compliance with the terms established by the shareholders.

Equity captions are commented on below:

- The company's share capital of €161,137 thousand (unchanged from 31 December 2021) is made up of 54,229,403 ordinary shares.
- The other equity-related reserves amount to €5,674 thousand (unchanged from 31 December 2021) and include the negative goodwill arising on the merger of Alerion Energie Rinnovabili S.p.A. and the reserve for the disposal of treasury shares. The merger of Alerion Energie Rinnovabili S.p.A. into Alerion Clean Power S.p.A. in December 2019 generated negative goodwill due to the cancellation of the company's existing investment against the share capital of the merging company (€44,799 thousand). This negative goodwill was used to voluntarily reduce share capital by €46,042 thousand when the proposed merger was approved. As a result, the company recognised a reserve of €1,243 thousand (unchanged at 31 December 2022). The reserve for the disposal of treasury shares of €4,431 thousand was set up in 2020 after the exchange of 1,123,227 treasury shares for 13.3% of the quota capital of the three companies Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. and Fri-El Guardionara S.r.l..
- The treasury share reserve amounts to €5,315 thousand (€3,147 thousand at 31 December 2021) and shows the price paid to repurchase 289,437 treasury shares. It increased by €2,169 thousand during the year.
- The share premium amounts to €21,400 thousand, unchanged from 31 December 2021, and includes: i) the premium of €0.02 per share for the increase carried out in 2003; ii) the premium of €0.55 per share for the increase carried out in 2008, net of transaction costs; and iii) the difference between the repurchase price of treasury shares cancelled in 2012 and their nominal amount, in addition to the related commissions;
- The legal reserve increased to €5,289 thousand at the reporting date due to the allocation of part of the 2021 profit thereto.
- The other reserves of €2,258 thousand reflect the effects of IFRS FTA. Compared to 31 December 2021, the decrease is the net effect of the following factors i) a decrease of €7 thousand due to the net actuarial gains on defined benefit plans (IAS 19) recognised in other comprehensive income; ii) a €891 thousand decrease due to the net fair value losses on bonds; and iii) an increase of €509 thousand due to the set up of the IFRS 2 reserve.
- The income-related reserves amount to €1,914 thousand (€15,218 thousand at 31 December 2021) and include retained earnings.

The reconciliation between equity at 31 December 2022 and 2021 is provided in the statement of changes in equity.

The following table shows the availability, origin and utilisation of the equity items as required by article 2427.7-bis of the Italian Civil Code:

(€'000)	Utilisations in previous years				
	Amount	Possible use	Available portion	to cover losses	for other reasons
Share capital	161,137	-	-	-	-
Equity-related reserves:					
Share premium	21,400	A, B, C (*)	21,400		
Negative goodwill	1,243	A, B, C			
Other equity-related reserves	4,431	A, B			
Income-related reserves:					
Legal reserve	5,289	B			
Other distributable reserves	1,008	A, B, C	1,008		
Other non-distributable reserves	741	B			
Treasury share reserve	(5,315)	-	-		
Reserve for unrealised gains	-				
IFRS 2 reserve	509	-	-		
Retained earnings	1,914	A, B, C	1,914	-	-
Total	192,357		24,322	-	-

(*) As allowed by article 2431 of the Italian Civil Code, the share premium can only be distributed in full if the legal reserve has reached the threshold set by article 2430.

Legend:

- A: for capital increases
- B: to cover losses
- C: for distributions to shareholders

NON-CURRENT LIABILITIES

15. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities amount to €501,592 thousand (€400,205 thousand at 31 December 2021) and mostly comprise bonds issued (the 2019-2025 green bonds, the 2021-2027 green bonds issued on 3 November 2021 for €200 million and the new 2022-2028 green bonds issued on 17 May 2022 for €100 million) net of the transaction costs. Interest accrued on the bonds amounts to €3,124 thousand at the reporting date and is classified under current financial liabilities.

(€'000)	31.12.2022	31.12.2021	Change
Bank loans and borrowings	2,637	4,291	(1,654)
Lease liabilities	3,529	13	3,516
Bonds issued	495,426	395,901	99,525
Total non-current financial liabilities	501,592	400,205	101,387

Bonds issued include:

- the 2019-2025 green bonds of €198,485 thousand issued on 19 December 2019 after approval by the board of directors on 23 September 2019. They originally amounted to €200 million. They have a six-year maturity and bear a minimum gross nominal interest rate of 3.125%;
- the 2021-2027 green bonds of €198,226 thousand issued on 3 November 2021 after approval by the board of directors on 8 October 2021. They originally amounted to €200 million. They have a six-year maturity and bear a minimum gross nominal interest rate of 2.25%.
- the 2022-2028 green bonds of €98,715 thousand issued on 15 May 2022 after approval by the board of directors on 21 April 2022. They originally amounted to €100 million. They have a six-year maturity and bear a minimum gross nominal interest rate of 3.5%.

Lease liabilities of €3,529 thousand relate to the building at Via Fucini 4, Milan following the agreement of a lease for offices in that building in 2022.

16. POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS

These benefits are measured using actuarial techniques as the company's actual liability to all employees, in accordance with IAS 19 and amount to €654 thousand at 31 December 2022 (€549 thousand at 31 December 2021).

(€'000)	31.12.2022	31.12.2021	Change
Post-employment benefits	654	549	105
Total post-employment benefits and other employee benefits	654	549	105

The underlying actuarial and financial assumptions are as follows:

Actuarial and financial assumptions used to apply IAS 19

Calculation date	31/12/2022
Mortality rate	IPS55 tables
Disability rate	INPS-2000 tables
Turnover rate	2.00%
Discount rate*	3.77%
Salary increase rate	1.00%
Advance payment rate	1.00%
Inflation rate	3.00%

*Prices at 31 December 2021 of the benchmark index iBoxx Corporate EUR with a 10+ duration and a AA rating

The company has 28 employees at the reporting date, broken down as follows:

	31.12.2021	Increases	Decreases	31.12.2022	Average
Managers	2	1	0	3	3.0
Junior managers and white collars	23	6	(4)	25	25.0
Blue collars	0	0	0	0	0.0
Total employees	25	7	(4)	28	28.0

17. PROVISIONS FOR FUTURE RISKS AND CHARGES

Provisions for future risks and charges amount to €37,725 thousand (€37,785 thousand at 31 December 2021) as follows:

(€'000)	31.12.2021	Accruals	Releases/utilisations	31.12.2022
Provision for legal disputes	37,745	5	(70)	37,680
Provision for investee losses	40	5	-	45
Total provisions for future risks and charges	37,785	10	(70)	37,725

The provision for investee losses amounts to €45 thousand and refers to the losses incurred by Alerion Bioenergy S.r.l. in liquidation in excess of the carrying amount of the company's share of its equity (see the note on investments in subsidiaries for more information).

The company used €70 thousand of the provision for legal disputes for some disputes settled during the year.

18. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities amount to €2,570 thousand (zero at 31 December 2021) and mostly relate to the acquisition of equity investments for which the consideration is due after 12 months.

CURRENT LIABILITIES

19. CURRENT FINANCIAL LIABILITIES

Current financial liabilities amount to €6,265 thousand (€22,607 thousand at 31 December 2021) as follows:

(€'000)	31.12.2022	31.12.2021	Change
Bank loans and borrowings	1,759	20,645	(18,886)
Loans from subsidiaries and related parties	1,055	1,001	54
Lease liabilities	327	23	304
Accrued interest on bonds	3,124	938	2,186
Total current financial liabilities	6,265	22,607	(16,342)

Bank loans and borrowings amount to €1,759 thousand at 31 December 2022. The reduction is mostly due to the extinguishment of short-term credit lines with major banks.

Accrued interest on bonds of €3,124 thousand comprises the unpaid nominal interest accrued during the year on the three bond issues (2021-2027, 2019-2025 and 2022-2028) (see the note to "Non-current financial liabilities").

20. DERIVATIVES

At 31 December 2022, the company did not have any derivative liabilities (€15,760 thousand at 31 December 2021):

<i>(€'000)</i>	31.12.2022	31.12.2021	Change
Derivatives	-	15,760	(15,760)
Total derivatives	-	15,760	(15,760)

The reduction in this caption is chiefly due to the release of the derivative liability for the commodity swap to financial expense in the 2022 statement of profit or loss after the swap was settled during the year. At the reporting date, the company does not have energy derivatives.

21. TRADE PAYABLES

Trade payables amount to €2,949 thousand (€1,736 thousand at 31 December 2021) and comprise:

<i>(€'000)</i>	31.12.2022	31.12.2021	Change
Third parties	2,128	1,560	568
FGP Group	7	31	(24)
Subsidiaries	814	145	669
Total trade payables	2,949	1,736	1,213

They do not bear interest and are usually settled within 60 days.

Reference should be made to the note to "Related party and intragroup transactions" for information on the relevant terms and conditions.

22. TAX LIABILITIES

Tax liabilities amount to €23,849 thousand (€3,552 thousand at 31 December 2021) and mostly relate to IRES:

<i>(€'000)</i>	31.12.2022	31.12.2021	Change
IRES	23,314	3,552	19,762
IRAP	535	-	535
Total tax liabilities	23,849	3,552	20,297

23. OTHER CURRENT LIABILITIES

Other current liabilities amount to €12,342 thousand (€6,429 thousand at 31 December 2021) and comprise:

<i>(€'000)</i>	31.12.2022	31.12.2021	Change
Deferred remuneration and fees	842	884	(42)
Taxes	208	254	(46)
Social security charges payable	224	189	35
Liabilities for the acquisition of equity investments	-	182	(182)
Sundry liabilities to subsidiaries and related parties	11,006	4,862	6,144
Other sundry liabilities	62	58	4
Total other current liabilities	12,342	6,429	5,913

Sundry liabilities to subsidiaries and related parties mostly relate to the group's tax consolidation scheme.

Reference should be made to the note to "Related party and intragroup transactions" for information on the relevant terms and conditions.

24. FINANCIAL INDEBTEDNESS FOR REPORTING PURPOSES OF CONTINUING OPERATIONS

Financial indebtedness for reporting purposes amounts to €69,277 thousand compared to €151,192 thousand at 31 December 2021). It may be analysed as follows:

<i>(Euro)</i>	Note	31.12.2022	31.12.2021
Cash and cash equivalents			
Cash equivalents	13	96,421,137	48,081,249
Total cash and cash equivalents		96,421,137	48,081,249
Current financial assets			
Loans to subsidiaries, associates and joint ventures		33,135,267	27,600,000
Other financial assets		72,883,281	23,074
Total loans and other current financial assets	12	106,018,548	27,623,074
Liquidity		202,439,685	75,704,323
Current financial liabilities			
Bank loans and borrowings		(98,426)	(19,018,337)
Liabilities to subsidiaries		(1,055,418)	(1,001,181)
Derivatives		0	(15,760,186)
Lease liabilities		(327,253)	(23,307)
Total current financial liabilities	19	(1,481,097)	(35,803,011)
Current portion of non-current financial liabilities			
Accrued interest on bonds		(3,123,973)	(937,671)
Current portion of non-current bank loans and borrowings		(1,660,003)	(1,626,371)
Total current portion of non-current financial liabilities		(4,783,976)	(2,564,042)
CURRENT FINANCIAL DEBT		(6,265,073)	(38,367,053)
NET CURRENT FINANCIAL POSITION		196,174,612	37,337,270
Non-current financial liabilities			
Bank loans and borrowings		(2,637,347)	(4,290,894)
Bonds		(495,425,694)	(395,900,700)
Lease liabilities		(3,529,316)	(13,116)
Total non-current financial liabilities	15	(501,592,357)	(400,204,710)
NON-CURRENT FINANCIAL DEBT		(501,592,357)	(400,204,710)
NET FINANCIAL INDEBTEDNESS*		(305,417,745)	(362,867,440)
Loans and other non-current financial assets	8	236,140,584	211,675,463
FINANCIAL INDEBTEDNESS FOR REPORTING PURPOSES		(69,277,161)	(151,191,977)

* Financial indebtedness calculated as per the ESMA32-382-1138 Guidelines

Reference should be made to the relevant notes for comments on the individual captions.

STATEMENT OF PROFIT OR LOSS

25. NET GAINS FROM EQUITY INVESTMENTS

This caption amounts to €92,453 thousand (€78,292 thousand in 2021) as follows:

<i>(€'000)</i>	2022	2021	Change
Dividends from investees	80,966	70,440	10,526
Net financial income from subsidiaries	11,515	7,989	3,526
Impairment losses on equity investments	(26)	(34)	8
Other financial expense	(2)	(103)	101
Net gains from equity investments	92,453	78,292	14,161

Dividends from investees amount to €80,966 thousand and were received from the following subsidiaries: i) Fri-El Ichnusa S.r.l. (€13,525 thousand); ii) Green Energy Sardegna S.r.l. (€2,285 thousand); iii) Renergy San Marco S.r.l. (€6,431 thousand); iv) Ordon Energia S.r.l. (€4,967 thousand); v) Eolica PM S.r.l. (€9,603 thousand); vi) Ecoenergia Campania S.r.l. (€1,457 thousand); vii) Dotto S.r.l. (€2,004 thousand); viii) Callari S.r.l. (€6,375 thousand); ix) Anemos Wind S.r.l. (€12,114 thousand); ix) Minerva S.r.l. (€3,574 thousand); x) Parco Eolico Licodia Eubea S.r.l. (€1,874 thousand); x) New Green Molise S.r.l. (€5,818 thousand); xi) Wind Power S.r.l. (€1,641 thousand); xii) Fri-El Anzi Holding S.r.l. (€2,450 thousand); xiii) Fri-El Andromeda S.r.l. (€2,695 thousand); xiv) Fri-El Guardionara S.r.l. (€1,715 thousand); and xv) Fri-El Albareto S.r.l. (€2,437 thousand).

Net financial income from subsidiaries amounts to €11,515 thousand (€7,989 thousand in 2021) and mainly consists of net interest income accrued during the year from associates and investees. The increase on the previous year is due to the larger loans granted by the company to its subsidiaries during the year. The interest-bearing loans are regulated by contracts.

26. OTHER REVENUE AND INCOME

Other revenue and income of €20,673 thousand (€3,999 thousand in 2021) mostly comprises i) fees for administrative, corporate and financial services provided to subsidiaries (€2,880 thousand); ii) the waiver of fees in favour of the company for services rendered by the company's employees holding positions in other group companies (€1,748 thousand); and iii) recharges of losses on derivatives settled during the year to subsidiaries (€15,262 thousand).

27. PERSONNEL EXPENSES

Personnel expenses amount to €2,451 thousand (€2,032 thousand in 2021) and comprise:

<i>(€'000)</i>	2022	2021	Change
Wages and salaries	2,265	1,861	404
Post-employment benefits	94	102	(8)
Other personnel expenses	92	69	23
Total personnel expenses	2,451	2,032	419

28. OTHER OPERATING COSTS

The other operating costs of €5,278 thousand (€7,236 thousand in 2021) include:

(€'000)	2022	2021	Change
Services:			
Directors' fees	1,387	1,128	259
Statutory auditors' fees	202	221	(19)
Consultants and collaborators' fees	2,154	4,833	(2,679)
Company management, requirements and financial reporting	374	323	51
Office maintenance, utilities and other costs	198	207	(9)
Other costs	485	373	112
Total services	4,800	7,085	(2,285)
Use of third party assets	214	33	181
Other operating costs	264	118	146
Total other operating costs	5,278	7,236	(1,958)

The decrease of €1,958 thousand in this caption is mostly due to the higher consultancy costs recognised in the previous year for corporate transactions and the development initiatives in Romania.

Reference should be made to the note to "Related party and intragroup transactions" for more information on the costs incurred with investees.

29. FINANCIAL INCOME (EXPENSE)

Net financial expense amounts to €4,463 thousand (€79,426 thousand in 2021) as follows:

(€'000)	2022	2021	Change
Financial income:			
Bank interest	13	18	(5)
Income from financial investments	1,265	-	1,265
Other financial income	16,838	23	16,815
Total financial income	18,116	41	18,075
Financial expense:			
Interest from parents	-	-	-
Short-term bank interest and charges	(324)	(323)	(1)
Long-term bank interest and charges	(122)	(146)	24
Interest on bonds	(14,047)	(17,210)	3,163
Fair value losses on derivatives	-	(15,760)	15,760
Other financial expense	(8,086)	(46,028)	37,942
Total financial expense	(22,579)	(79,467)	56,888
Net financial expense	(4,463)	(79,426)	74,963

The €74,963 thousand decrease in net financial expense is mostly due to i) interest accrued on liquidity invested in time deposits and bonds; ii) fair value gains on commodity swaps agreed and settled during the year; iii) greater interest accrued on bonds after the subscription of the new 2022-2028 bonds; and iv) smaller fair value losses on derivatives settled during the year.

As noted earlier, the derivative liabilities of €15,760 thousand recognised in 2021 for the energy swap were reversed as a decrease in losses on derivatives in 2022.

30. INCOME TAXES

The company has a tax expense of €6,267 thousand (tax benefit of €17,489 thousand in 2021) as follows:

<i>(€'000)</i>	2022	2021	Change
Current taxes	(6,611)	9,550	(16,161)
Change in deferred tax liabilities due to the occurrence and reversal of temporary differences	344	7,939	(7,595)
Total income taxes	(6,267)	17,489	(23,756)

Current taxes

The reconciliation between the theoretical and effective tax expense is presented below:

<i>(€'000)</i>	IRES		IRAP		Total	
	Tax	%	Tax	%	Tax	%
2022						
Tax base	100,633		105,096			
Theoretical tax	(24,152)	24.0	(5,854)	5.57	(30,006)	29.6
increases:						
- temporary differences	(529)	0.5	0	0.0	(529)	0.5
- other increases	(25)	0.0	5,280	(5.0)	5,255	(5.0)
decreases:						
- reversal of temporary differences	120	(0.1)	0	0.0	120	(0.1)
- other decreases	18,537	(18.4)	0	0.0	18,537	(18.4)
Effective tax	(6,049)	6.0	(574)	0.6	(6,623)	6.6

<i>(€'000)</i>	IRES		IRAP		Total	
	Tax	%	Tax	%	Tax	%
2021						
Tax base	(6,481)		77,945			
Theoretical tax	1,555	24.0	(4,342)	5.57	(2,787)	29.6
increases:						
- temporary differences	(11,586)	(178.8)	0	0.0	(11,586)	(178.8)
- other increases	(124)	(1.9)	4,342	(5.6)	4,218	(7.5)
decreases:						
- reversal of temporary differences	3,178	49.0	0	0.0	3,178	49.0
- other decreases	16,527	255.0	0	0.0	16,527	255.0
Effective tax	9,550	147.3	0	(0.0)	9,550	147.3

Deferred taxes

A breakdown of deferred taxes is set out below:

(€'000)	Statement of financial position		Equity	Profit or loss	
	31.12.2022	31.12.2021		2022	2021
Deferred tax liabilities					
Fair value of bonds	(147)	0	(147)	0	0
IAS 19	(7)	(4)	(3)		
Dividends taxable in future years	(128)	(488)		364	(394)
	(278)	(492)	(150)	364	(394)
Deferred tax assets					
Directors' fees	101	110		(9)	(24)
Accruals to (utilisations of) provisions for risks	9,396	9,408		(12)	9,048
Discounting of post-employment benefits	27	27	-		
Financial expense deductible in future years	10	10		0	(697)
IFRS 9	30	30		-	-
Fair value of bonds	491	0	491	-	-
Other deductible temporary differences	6	5	0	1	6
	10,061	9,590	0	(20)	8,333
Deferred taxes			-	344	7,939

31. RELATED PARTY AND INTRAGROUP TRANSACTIONS

In accordance with the Consob communications of 20 February 1997, 27 February 1998, 30 September 1998, 30 September 2002 and 27 July 2006, as well as subsequent Regulation no. 17221 of 12 March 2010 on related party transactions, as amended, it is noted that the company's related party transactions were not atypical, unusual, unrelated to normal business operations or detrimental to the company's financial position, financial performance and cash flows.

The related party transactions carried out fall within ordinary operations, as part of each party's core business, and are governed by market conditions.

The list of related parties is updated annually considering changes to the IFRS and related regulations.

The related party disclosures required by IAS 24 and Consob communication no. 6064293 of 28 July 2006 are provided below:

(€'000)	Revenue	Costs	Assets	Liabilities
Subsidiaries:				
Alerion Bioenergy S.r.l. in liquidation	-	-	13	4
Alerion Real Estate S.p.A. in liquidation	-3	-	431	2,030
Alerion Servizi Tecnici e Sviluppo S.r.l.	320	75	10,250	946
Callari S.r.l.	8,371	-	16,095	369
Dotto S.r.l.	2,696	-	1,632	1,238
Enermac S.r.l.	1,626	-	11,206	-
Eolo S.r.l.	442	-	964	341
Krupen Wind S.r.l.	17	-	2,475	22
Minerva S.r.l.	5,431	-	15,089	2,855
Ordona Energia S.r.l.	7,786	-	19,526	827
Parco Eolico Licodia Eubea S.r.l.	2,850	-	13,034	747
Renegy San Marco S.r.l.	9,230	-	15,450	741
Wind Power Sud S.r.l.	3,181	-	2,538	684
Eolica PM S.r.l.	10,073	-	7,093	-
Fri-El Albareto S.r.l.	2,806	-	5,268	-
Green Energy Sardegna S.r.l.	2,649	-	4,161	-
Fri-El Ichnusa S.r.l.	13,598	-	3,984	-
Fri-El Campidano S.r.l.	3,111	-	10,775	70
FW Holding S.r.l.	7	-	3,933	-
Fri-El Grottole Srl	2,938	-	8,148	-
Fri-El Ricigliano Srl	1,314	-	2,677	63
Fri-El Basento S.r.l.	7	-	163	-
Fri-El Anglona Srl	1,011	-	3,276	214
Fri-El Nulvi Holding S.r.l.	2	-	174	5
Anemos Wind S.r.l.	13,729	-	2,552	83
Naonis Wind S.r.l.	338	-	948	1,318
Alerion Spain S.L.	618	-	12,905	-
Wind Energy Eood	8	-	58	-
Wind Power 2 Eood	9	-	96	-
Wind Stream Eood	15	-	370	-
Wind System Eood	11	-	91	-
Draghiescu Partners Srl	12	-	12	-
Alerion Clean Power RO Srl	538	-	113,732	-93
Fravort Srl	-	-	-	-
Tremalzo Srl	162	-	162	-
Green Fotovoltaic Parc Srl	-	-	-	-
Solar Live Energy Srl	-	-	-	-
Inspire Parc Solar Srl	-	-	-	-
Fucini 4 S.r.l.	153	483	2,497	117
Cevedale S.r.l.	-	-	-	-
Cavignon S.r.l.	0	-	0	-
Total subsidiaries	98,338	558	327,994	12,602
Equity-accounted investees:				
Ecoenergia Campania S.r.l.	1,577	-	451	-
Andromeda Wind S.r.l.	2,695	-	-	-
Fri-El Anzi S.r.l.	2,450	-	-	-
FRI-EL Guardionara S.r.l.	1,715	-	-	-
New Green Molise S.r.l.	6,274	-	7,974	-
Total equity-accounted investees	14,711	-	8,425	-
Related parties:				
FRI-EL Green Power S.p.A.	-	57	-	-
Total related parties	-	58	-	-
Total	113,049	616	336,419	12,602

The following tables present the additional disclosures required by Consob communication no. 6064293 of 28 July 2006:

Effects of related party and intragroup transactions on the company's financial position, financial performance and cash flows:

(Euro)	Subsidiaries	Equity-accounted investees	Related parties	Total
Trade receivables	22,889,427	-	-	22,889,427
<i>total trade receivables</i>	<i>22,889,427</i>	<i>22,889,427</i>	<i>22,889,427</i>	<i>22,889,427</i>
percentage	100%	0%	0%	100%
Other assets	39,626,429	4,488,488	-	44,114,917
<i>other current assets</i>	<i>62,701,888</i>	<i>62,701,888</i>	<i>62,701,888</i>	<i>62,701,888</i>
percentage	63%	7%	0%	70%
Non-current loans	233,343,145	2,936,353	-	236,279,498
<i>total non-current loans</i>	<i>236,140,582</i>	<i>236,140,582</i>	<i>236,140,582</i>	<i>236,140,582</i>
percentage	99%	1%	0%	100%
Current financial assets	32,135,269	1,000,000	-	33,135,269
<i>total non-current loans</i>	<i>106,018,549</i>	<i>106,018,549</i>	<i>106,018,549</i>	<i>106,018,549</i>
percentage	30%	1%	0%	31%
Current loans and borrowings	1,055,417	-	-	1,055,417
<i>total current financial liabilities</i>	<i>6,265,073</i>	<i>6,265,073</i>	<i>6,265,073</i>	<i>6,265,073</i>
percentage	17%	0%	0%	17%
Trade payables	721,353	-	-	721,353
<i>total trade payables</i>	<i>2,948,598</i>	<i>2,948,598</i>	<i>2,948,598</i>	<i>2,948,598</i>
percentage	24%	0%	0%	24%
Sundry liabilities	10,824,893	-	-	10,824,893
<i>other current liabilities</i>	<i>12,341,651</i>	<i>12,341,651</i>	<i>12,341,651</i>	<i>12,341,651</i>
percentage	88%	0%	0%	88%
Net gains on equity investments	78,150,628	14,329,719	-	92,480,347
<i>total net gains on equity investments</i>	<i>92,452,555</i>	<i>92,452,555</i>	<i>92,452,555</i>	<i>92,452,555</i>
percentage	85%	15%	0%	100%
Other revenue and income	20,187,230	381,725	-	20,568,955
<i>total other revenue and income</i>	<i>20,673,217</i>	<i>20,673,217</i>	<i>20,673,217</i>	<i>20,673,217</i>
percentage	98%	2%	0%	99%
Other operating costs	558,495	-	57,969	616,464
<i>total other operating costs</i>	<i>5,277,164</i>	<i>5,277,164</i>	<i>5,277,164</i>	<i>5,277,164</i>
percentage	11%	0%	1%	12%

32. LEGAL DISPUTES

The disputes pending at the reporting date are summarised below:

SIC - Società Italiana Cauzioni S.p.A now Atradius

The company and its subsidiary Alerion Real Estate S.r.l. in liquidation ("Alerion Real Estate") were called as joint defendants by SIC - Società Italiana Cauzioni S.p.A. now Atradius - in their

capacity as policy co-obligors in the civil proceedings brought before the Rome court by AGIED S.r.l. against INPDAP and SIC.

The policies were issued to guarantee the obligations incumbent on AGIED S.r.l. for the compensation of monetary losses that INPDAP could have suffered as a result of the malicious actions of AGIED S.r.l. when performing its duties provided for in the agreement between AGIED and INPDAP, for the management of part of INPDAP's property.

The purpose of this case is to assess said surety policies and have them declared lapsed due to expiry of the time limit. In particular, AGIED S.r.l. asked the court to declare that INPDAP has no right to enforce the policies and that, therefore, SIC is not required to pay anything to INPDAP.

The company and Alerion Real Estate were co-obligors with SIC for the fulfilment of the obligations under the policies as quotaholders of AGIED. These quotas were sold by means of a deed dated 24 May 1999, following which SIC, in a letter dated 9 June 1999, stated that Alerion and Alerion Real Estate were released from their joint obligation due to events that occurred after the date of the sale of the quotas.

SIC, which concurred with AGIED's conclusions, nevertheless summonsed the company and Alerion Real Estate as a precautionary measure, as, due to the generic nature of the claims, liability for the alleged damages claimed by INPDAP could not be placed in terms of time.

With regard to the policies referred to by ATRADIUS, the then SIC had, in a specific letter, released the co-obligors Alerion and Alerion Real Estate from liability for events occurring after the date of sale of the company quotas on 24 May 1999. This confirms the fact that the company and its subsidiary have absolutely no connection to the proceedings, as they were released from any co-obligation by SIC (ATRADIUS at the date of the Registration Document) and, therefore, that there is no risk for either company.

On 1 December 2014, the first instance judge ordered just SIC (ATRADIUS at the date of the Registration Document) to pay the damages and concluded that the defaults took place after 31 December 2000, i.e., following the release from the co-obligations, thereby implicitly ruling out the company and Alerion Real Estate being summonsed as defendants. Accordingly, any further evolutions in the proceedings will not affect the company.

AGIED and ATRADIUS (formerly SIC) separately appealed the first instance ruling to the court of appeal. As proceedings were pending for appeals of the same ruling, Alerion Real Estate S.r.l. in liquidation and the company obtained the joining of the proceedings.

The Rome court of appeal rejected the appeals in its ruling of 9 May 2022 and accepted the companies' defence and their release from the co-obligations of the policies. Atradius appealed the ruling before the court of cassation. Alerion Real Estate S.r.l. in liquidation and the parent have challenged the appeal requesting it be found inadmissible as it is contrary to both the ruling of the Rome court of appeal and the first instance ruling of the Rome court (two concordant decisions). The parties appeared in court within the time limits. A date for the first hearing has not yet been set.

Dispute about commodities

The parent has filed a lawsuit aimed at declaring the nullity of certain commodity swaps and that it does not owe any amounts under such contracts and that the amounts that it has already paid should be returned. It believes that the grounds for nullity should be accepted. However, and solely for prudent reasons, the provision for future risks and charges of €37.6 million includes the amount that the parent would be required to pay the swap counterparties should the validity of the swaps be confirmed, despite its claims. The judge has appointed an expert and has postponed the hearing until 22 June 2023.

33. COMMITMENTS AND GUARANTEES GRANTED TO THIRD PARTIES

The company's contractual commitments and guarantees to third parties at the reporting date are summarised below:

- sureties to third parties on behalf of investees of €103,717 thousand;
- sureties to third parties on behalf of third parties of €96 thousand.

34. OTHER INFORMATION

34.1 Investments held by directors, statutory auditors, COOs and key management personnel

Following Consob resolution no. 18079 of 20 January 2012, which repealed Appendix 3C, information on the investments held by the directors, statutory auditors, COOs and other key management personnel is contained in the remuneration report prepared pursuant to article 123-ter of the Italian Consolidated Finance Act (TUF).

34.2 Disclosure required by article 149-duodecies of Consob's Issuer Regulation

The following table shows the 2022 fees for audit and non-audit services provided by the independent auditors and their network entities:

(€'000)	Service provider	2022 fees
Audit	KPMG S.p.A.	121
Unbundling	KPMG S.p.A.	1
Other services - parent ¹ :	KPMG S.p.A.	110
Total		232

¹: Checks of the spreadsheet for the calculation of the financial covenants required by the regulation of the 2019-2025 Alerion Clean Power S.p.A. bonds and the regulation of the 2021-2027 Alerion Clean Power S.p.A. bonds. Consultancy services for the issue of the 2022-2028 green bonds. Translation services

34.3 Disclosure required by article 2497 of the Italian Civil Code "Management and coordination"

Since 7 May 2021, Fri-El Green Power S.p.A. has no longer managed and coordinated the company pursuant to article 2497 and following articles of the Italian Civil Code although it continues to exercise its rights as the majority shareholder.

STATEMENT ON THE SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022

pursuant to article 154-bis.5 of Legislative decree no. 58 of 24 February 1998 and article 81-ter of Consob regulation no. 11971 of 14 May 1999

1. The undersigned, Josef Gostner, as chief executive officer, and Stefano Francavilla, as manager in charge of financial reporting, also considering the provisions of article 154-bis-3/4 of Legislative decree no. 58 of 24 February 1998, state:
 - that the administrative and accounting procedures are adequate given the company's characteristics;
 - that they were actually applied during the year to prepare the separate financial statements.
2. Moreover, they state that:
 - 2.1 the separate financial statements at 31 December 2022:
 - have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
 - are consistent with the accounting records and entries;
 - are suitable to give a true and fair view of the issuer's financial position, financial performance and cash flows;
 - 2.2 the directors' report includes a reliable analysis of the issuer's financial performance and financial position, together with information about the key risks and uncertainties to which it is exposed.

Milan, 9 March 2023

Chief executive officer

Josef Gostner

Manager in charge of financial reporting

Stefano Francavilla

Alerion Clean Power S.p.A.

Sede legale: Via Renato Fucini 4 (MI)

Capitale Sociale: Euro 161.137.410 = interamente versato

Registro delle Imprese di Milano Monza e Brianza e codice fiscale

n. 02996890584

**Relazione del Collegio Sindacale all'Assemblea dei soci ai sensi dell'art.
153 D. Lgs. 58/98 e dell'art. 2429, comma 2, del c.c.**

Signori Azionisti,

1. Premessa: fonti normative, regolamentari e deontologiche

Nel corso dell'esercizio sociale conclusosi lo scorso 31 dicembre 2022 il Collegio Sindacale di Alerion Clean Power S.p.A. (nel seguito, *Alerion* o la *Società* e, assieme alle società partecipate, il *Gruppo*) ha assolto ai compiti di vigilanza previsti dalla legge, come da indicazioni dei principi di comportamento del Collegio Sindacale di società quotate, raccomandati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili, alle norme specifiche per le società quotate in Borsa, nonché al contenuto della Comunicazione Consob n. DAC/RM/97001574 del 20 febbraio 1997 e della Comunicazione DEM/1025564 del 6 aprile 2001, successivamente integrata con Comunicazione DEM/3021582 del 4 aprile 2003, con comunicazione DEM/6031329 del 7 aprile 2006 e con comunicazione DEM/0031948 del 10/3/2017, emanata in continuità con le precedenti DEM/0007780 del 28 gennaio 2016 e DEM/0003907 del 19 gennaio 2015.

Nel corso dell'anno, il Collegio Sindacale ha vigilato:

- sull'osservanza della legge e dello statuto vigente;

- sul rispetto dei principi di corretta amministrazione;
- sull'adeguatezza della struttura organizzativa della Società, del processo di informativa finanziaria, del sistema di controllo interno e del sistema amministrativo-contabile, nonché sull'affidabilità di quest'ultimo nel rappresentare correttamente i fatti di gestione;
- sulle modalità di concreta attuazione delle regole di governo societario previste da codici di comportamento redatti da società di gestione di mercati regolamentati, cui la Società, mediante informativa al pubblico, dichiara di attenersi;
- sull'adeguatezza delle disposizioni impartite dalla Società alle società controllate ai sensi dell'articolo 114, comma 2, del D. Lgs. 58/1998 (nel seguito, *TUF*).

2. Verifica dei requisiti di indipendenza del Collegio Sindacale

Durante la riunione del 24 gennaio 2023 il Collegio Sindacale ha verificato, con esito positivo per tutti i componenti, il possesso dei requisiti di indipendenza così come definiti dall'art. 148, comma 3, del TUF, oltre che l'assenza di cause di ineleggibilità, incompatibilità e decadenza, il possesso di requisiti di onorabilità, di professionalità, di competenza ed esperienza per svolgere il proprio compito. Il Collegio Sindacale dà inoltre atto che i propri componenti hanno rispettato il limite al cumulo degli incarichi stabilito dal Regolamento Emittenti Consob e dallo statuto.

3. Attività di vigilanza sull'osservanza della legge e dello statuto

Il Collegio Sindacale nel corso dell'esercizio 2022 ha tenuto 12 riunioni.

In data 18 marzo 2022 il Collegio Sindacale ha richiesto il parere per la remunerazione del Dr. Stefano Francavilla nominato Amministratore



Delegato in seguito alle dimissioni del Dr. Vaja.

I componenti dell'Organo di Controllo hanno partecipato alle riunioni del Consiglio di Amministrazione e hanno ottenuto dagli Amministratori, con la periodicità richiesta dalla legge, le informazioni sull'attività svolta e sulle operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate dalla Società e dalle società controllate.

Il Collegio Sindacale, come già anticipato, esercitando la sua funzione di controllo, è intervenuto alle 15 riunioni del Consiglio di Amministrazione nonché all'unica riunione assembleare tenutasi il 22 aprile 2022 e dà atto che l'amministrazione della Società si è svolta nel rispetto delle norme di legge, di statuto e alle deliberazioni assembleari, nonché in maniera conforme ai principi di corretta amministrazione. I membri del Collegio Sindacale hanno altresì partecipato a tutte le riunioni del Comitato Remunerazione e Nomine (nel seguito, *CRN*), del Comitato Controllo, Rischi e Sostenibilità (nel seguito, *CCRS*) e del Comitato Parti Correlate (nel seguito *CPC*).

A seguito delle dimissioni del Dott. Georg Vaja, il Consiglio di Amministrazione, in data 16 dicembre 2021, ha deliberato la cooptazione del Dr. Stefano Francavilla, tra i propri membri, procedendo altresì alla sua nomina a Vice Presidente e Consigliere Delegato della Società, a decorrere dal 1° gennaio 2022.

A seguito delle dimissioni del Consigliere di Amministrazione Dr.ssa Flavia Mazzarella, avvenute in data 16 dicembre 2021, in data 28 gennaio 2022 il Consiglio di Amministrazione ha cooptato Pietro Mauriello quale amministratore.

L'Assemblea dei soci del 22 aprile 2022 ha confermato amministratori il Dr.

Stefano Francavilla e Pietro Mauriello, oltre alla Dr.ssa Antonia Coppola e al Dr. Carlo Delladio, già cooptati in data 7 maggio 2021. I mandati dei suddetti membri del Consiglio di Amministrazione scadranno alla data di approvazione del bilancio dell'esercizio al 31 dicembre 2022, unitamente agli altri amministratori in carica.

In particolare, il CCRS, ai sensi della raccomandazione 35 del Codice di Corporate Governance delle società quotate (nel seguito, *Codice di Corporate Governance*) è composto da tre amministratori indipendenti; il CRN, ai sensi della raccomandazione 26 del Codice di Corporate Governance, è composto da tre amministratori indipendenti. Il CPC ai sensi del regolamento del CPC approvato dal Consiglio di Amministrazione il 23 settembre 2021, nonché del Regolamento Consob n. 17221/2010, è composto da tre amministratori indipendenti.

La Società ha altresì previsto, conformemente alle previsioni del Codice di Corporate Governance, la figura del *lead independent director* nella persona del Dr. Carlo Delladio.

Durante l'esercizio 2022, il CRN si è riunito 6 volte, il CPC si è riunito 10 volte e il CCRS si è riunito 16 volte.

L'Assemblea dei Soci, in data 22 aprile 2022, ha autorizzato l'acquisto di azioni proprie ai sensi dell'art. 2357 c.c., determinando in 18 (diciotto) mesi la durata del relativo mandato. La Società si è avvalsa della facoltà di effettuare operazioni su propri titoli nel corso dell'esercizio e possiede, al 31 dicembre 2022, n. 289.437 azioni proprie pari al 0,5337% del capitale sociale.

4. Attività di vigilanza sul rispetto dei principi di corretta amministrazione.



Il Collegio Sindacale ha constatato che la Società non ha effettuato operazioni atipiche o inusuali con società del Gruppo, parti correlate o terzi; a tal fine il Collegio Sindacale precisa che la Società ha adottato fin dal 12 novembre 2010, ai sensi dell'art. 4 del Regolamento adottato con delibera Consob n. 17221 del 12 marzo 2010 e successive modifiche ed integrazioni, non ultima la delibera n. 21624 del 10 dicembre 2020, la Procedura per le Operazioni con Parti Correlate (nel seguito, **Procedura OPC**), il cui ultimo aggiornamento è del 24 giugno 2021.

La Procedura OPC, unitamente alla procedura per la gestione e la comunicazione di documenti ed informazioni riguardanti la Società con particolare riferimento alle informazioni privilegiate e alla procedura in materia di *internal dealing*, sono disponibili sulla pagina *web* della Società.

Il Collegio Sindacale ha vigilato sulla conformità delle procedure adottate ai principi indicati nei Regolamenti, nonché sulla loro osservanza.

5. Attività di vigilanza sull'adeguatezza dell'assetto organizzativo

Il Consiglio di Amministrazione è composto da numero dieci consiglieri, il cui mandato verrà a scadenza in occasione della prossima Assemblea dei Soci chiamata ad approvare il bilancio chiuso al 31 dicembre 2022.

Nell'ambito del Consiglio di Amministrazione, al 31 dicembre 2022, si riscontra la presenza di tre amministratori esecutivi e sette Amministratori non esecutivi, di cui quattro sono stati qualificati dal Consiglio di Amministrazione come indipendenti, sia ai sensi delle previsioni del Codice di Autodisciplina, come anche ai sensi delle disposizioni del TUF.

Il Consiglio di Amministrazione, nella riunione tenutasi in data 22 febbraio 2022 e successivamente in data 29 aprile 2022, ha confermato, all'unanimità,



la verifica sulla sussistenza dei requisiti di indipendenza in capo ai propri componenti.

L'Organo di Controllo ha acquisito conoscenza e vigilato, per quanto di sua competenza, sull'adeguatezza della struttura organizzativa della Società, costantemente aggiornata anche in relazione all'ingresso nel Gruppo di nuove società, e sul rispetto dei principi di corretta amministrazione, ciò tramite osservazioni dirette, raccolta di informazioni dai vari responsabili di funzione e dal Dirigente Preposto, l'esame di documenti aziendali e incontri con la Società di Revisione, ai fini del reciproco scambio di dati ed informazioni rilevanti.

A seguito delle dimissioni del Dr. Alessandro Pirovano è stato sottoscritto in data 19 luglio 2022 un contratto con PWC S.p.A. come Adviscr avente per oggetto lo svolgimento delle attività attribuite alla funzione di Internal Audit della Società, con il quale la funzione di Internal Audit è svolta in *outsourcing* dal Dr. Giuseppe Garzillo, *partner* di PWC S.p.A., quale responsabile Internal Audit della Società.

Nello specifico, sulla base del predetto incarico, le attività affidate in *outsourcing* a PWC S.p.A. sono le seguenti:

- valutazione del rischio potenziale attraverso un Risk Assessment;
- predisposizione del piano di Audit;
- analisi e valutazione dei processi aziendali;
- verifica dell'effettiva operatività dei controlli;



- analisi delle anomalie e definizione degli interventi;
- valutazione di adeguatezza del sistema dei controlli;
- elaborazione dei rapporti periodici di audit;
- comunicazione degli esiti delle verifiche condotte ai responsabili delle funzioni sottoposte a verifica, all'Alta Direzione e agli Organi Sociali;
- monitoraggio dell'effettiva implementazione delle azioni correttive;
- verifica a distanza di tempo dell'efficacia delle azioni correttive implementate;
- supporto nella revisione della relazione sul governo societario e gli assetti proprietari;
- redazione, aggiornamento e revisione delle *policy* e procedure aziendali.

Tale contratto, in scadenza al 31 dicembre 2022, è stato rinnovato fino al 31 dicembre 2023 con delibera del Consiglio di Amministrazione del 15 dicembre 2022.

In data 14 aprile 2022 è stata costituita la società Alerion Service S.r.l., mediante conferimento da parte di Fri-El Service S.r.l. (controllata al 100% dalla FGP, controllante del Gruppo Alerion) del ramo d'azienda operativo nello svolgimento dei servizi di manutenzione di parchi eolici. Successivamente, il 100% della partecipazione sociale è stata ceduta ad Alerion Clean Power S.p.A., che l'ha inclusa nel perimetro di consolidamento del Gruppo Alerion a far data dal 14 aprile 2022. L'operazione è stata eseguita

A handwritten signature in blue ink is written over a blue rectangular stamp. The signature is cursive and appears to be 'A. P.'. The stamp is partially obscured by the signature.

applicando la procedura con parti correlate. L'organico delle società si compone di n. 60 dipendenti al 31 dicembre 2022.

È altresì proseguita l'attività di sviluppo in Romania.

Nel corso dell'esercizio appena conclusosi, l'Organo di Controllo ha promosso incontri periodici con i principali esponenti delle varie funzioni aziendali per verificare che la struttura organizzativa fosse orientata sia al perseguimento degli obiettivi di natura aziendale che al rafforzamento del sistema del controllo interno.

Il Collegio Sindacale non ha osservazioni da svolgere circa la generale adeguatezza della struttura organizzativa a perseguire con efficienza gli obiettivi aziendali.

6. Attività di vigilanza sull'adeguatezza del sistema di controllo interno

La Società ha adottato fin dal 2016 il Modello di Organizzazione, Gestione e Controllo (nel seguito, **Modello**) redatto ai sensi e per gli effetti del D. Lgs. 231/2001, nonché il Codice Etico.

Nel corso degli anni, il Modello ha subito aggiornamenti, così da adeguarlo ai riscontri applicativi nonché al quadro normativo di riferimento.

Il Modello e il Codice Etico sono reperibili sulla pagina web della Società.

Durante le 2 riunioni tenute con l'Organismo di Vigilanza e nelle relazioni emesse in data 29 luglio 2022 e in data 9 marzo 2023 dall'Organismo di Vigilanza, il Collegio Sindacale ha acquisito informazioni sull'attività di vigilanza, sul funzionamento e sull'osservanza del Modello e sul suo aggiornamento, prendendo atto dell'assenza di violazioni o di fatti di rilievo.

Il Collegio Sindacale ha valutato e vigilato sull'adeguatezza del sistema di controllo interno, acquisendo le informazioni sia da riscontri diretti che dall'informativa resa, nel corso delle riunioni del Consiglio di Amministrazione, dal Responsabile della Funzione di *Internal Audit* e dall'Organismo di Vigilanza, nonché dalla partecipazione alle riunioni del CCRS istituito in aderenza alle indicazioni del Codice di Corporate Governance.

7. Attività di vigilanza sull'adeguatezza del sistema amministrativo contabile e sull'attività di revisione legale dei conti

Il Collegio Sindacale ha valutato e verificato l'adeguatezza del sistema amministrativo-contabile, nonché l'affidabilità di quest'ultimo a rappresentare correttamente i fatti di gestione, mediante l'ottenimento di informazioni dai responsabili delle rispettive funzioni ed in particolare dal Dirigente Preposto, così come mediante l'esame di documenti aziendali e l'analisi dei risultati del lavoro svolto dal soggetto incaricato della revisione legale dei conti e dalla funzione di *Internal Audit*.

Nel rispetto di quanto previsto dall'art. 150 TUF, il Collegio Sindacale ha tenuto 4 riunioni con il soggetto incaricato della revisione legale dei conti.

Nel corso di tali riunioni il Collegio Sindacale ha, *inter alia*, monitorato l'esecuzione del piano di *audit*, discusso le questioni principali emerse dalla revisione e preso atto dell'assenza di aspetti per i quali fosse necessario procedere a specifici approfondimenti o riferire in questa sede.

Il Collegio Sindacale ha, inoltre, riscontrato l'adeguatezza della procedura adottata dalla Società al fine di rispettare le disposizioni del Regolamento di Consob recante norme di attuazione del TUF in materia di mercati riferito agli

emittenti che controllano società costituite e regolate da legislazioni *extra UE*. Nella qualità di Comitato per il controllo interno e la revisione contabile ex art. 19 del D. Lgs. 39/2010 integrato dal D. Lgs. 135/2016 (nel seguito, **Decreto Revisione**), il Collegio Sindacale ha in particolare:

- vigilato sull'adeguatezza del sistema amministrativo-contabile;
- monitorato il processo di formazione e diffusione dell'informativa finanziaria e l'attività di revisione legale dei conti;
- verificato e supervisionato l'indipendenza della Società di Revisione nominata, a norma del TUF e del Decreto Revisione, dall'Assemblea dei Soci del 5 settembre 2019 per la durata di nove esercizi (2020-2028);
- discusso con la Società di Revisione le misure adottate, per mitigare i rischi per l'indipendenza, in particolare per quanto concerne l'adeguatezza della prestazione di servizi diversi dalla revisione all'ente sottoposto a revisione per i quali più avanti verranno fornite informazioni più dettagliate;
- scambiato informazioni con la Società di Revisione e adempiuto agli ulteriori obblighi previsti dalla normativa;
- informato l'Organo di Amministrazione dell'esito della revisione legale e trasmesso al medesimo la relazione aggiuntiva di cui all'art. 11 del Regolamento europeo n. 537 del 16 aprile 2014;
- controllato l'efficacia dei sistemi di controllo interno della qualità;
- monitorato la revisione legale del bilancio d'esercizio e del bilancio consolidato;
- acquisito e tenuto conto della Relazione di Trasparenza della Società di



Revisione.

Nel corso del 2022, la Società di Revisione ha svolto nell'interesse della Società e delle sue controllate prevalentemente attività di revisione legale; per l'analitica descrizione ed i relativi corrispettivi si rimanda all'apposito prospetto riportato, *ex art. 149 duodecies* del Regolamento Emittenti di Consob, in seno alle note illustrative del bilancio di esercizio e del bilancio consolidato della Società, rispettivamente, paragrafo "34.2" e "41".

Il Collegio Sindacale ha continuato il costante monitoraggio degli incarichi affidati dalla Società alla Società di Revisione, al fine di garantire il rispetto del limite del 70% della media dei corrispettivi versati negli ultimi tre esercizi per la revisione legale come previsto dal Regolamento n. 537/14 rilevando che nel corso dell'esercizio non sono stati conferiti incarichi aggiuntivi alla Società di Revisione KPMG ed al suo network.

8. Proposte in ordine al Bilancio di esercizio e alla sua approvazione e alle materie di competenza del Collegio Sindacale

Bilancio Consolidato e Relazione sulla Gestione

Il Progetto di Bilancio Consolidato della Società per l'esercizio 2022, composto da Situazione Patrimoniale Finanziaria, Conto Economico, Conto Economico Complessivo, Prospetto delle Variazioni di Patrimonio Netto, Rendiconto Finanziario e Note Illustrative, che viene messo a Vostra disposizione, presenta un utile dell'esercizio di Euro 73,2 milioni. Esso è stato comunicato al Collegio Sindacale nei termini di legge, unitamente alla Relazione sulla Gestione, e risulta redatto secondo gli *International Financial Reporting Standards* (IFRS) e i provvedimenti emanati in attuazione dell'art.

9 D. Lgs. n. 38/2005.

Il Collegio Sindacale dà atto che, sulla base dei controlli effettuati, la Società di Revisione, con relazione emessa in data 23 marzo 2023, ha attestato che il Bilancio Consolidato del Gruppo Alerion Clean Power S.p.A. al 31 dicembre 2022 è conforme agli IFRS adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 D. Lgs. n. 38/2005 e che *"...fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2022, del risultato economico, dei flussi di cassa per l'esercizio chiuso a tale data"*.

La determinazione dell'area di consolidamento delle partecipazioni e delle procedure a tale fine adottate rispondono alle prescrizioni degli IFRS.

In osservanza alle disposizioni del Regolamento Europeo 2019 n. 815, la Società ha redatto il Bilancio Consolidato nel formato XHTML, marcando alcune informazioni contenute nel bilancio con le specifiche Inline XBRL e la Società di Revisione ne ha verificato la predisposizione e la marcatura in conformità al detto regolamento.

La struttura del Bilancio Consolidato è, quindi, da ritenersi tecnicamente corretta e, nell'insieme, conforme alla specifica normativa.

La Relazione sulla Gestione illustra in maniera esaustiva sia la situazione della Società che del Gruppo, l'andamento della gestione nel suo complesso e nei vari settori di interesse, nonché le variazioni verificatesi, rispetto al precedente esercizio, nelle principali voci della Situazione Patrimoniale Finanziaria e del Conto Economico.

La Relazione sulla Gestione evidenzia, inoltre, i principali indicatori di *performance* economico-finanziaria, i rischi finanziari e gli altri rischi



derivanti dall'attività. La stessa, inoltre, espone i fatti più rilevanti avvenuti nel corso dell'esercizio e dopo la chiusura dello stesso, fornisce indicazioni sulla prevedibile evoluzione dell'attività per l'esercizio in corso e riassume le informazioni riguardanti gli assetti proprietari e di controllo (*ex art. 123 bis TUF*), rinviando per i dettagli all'apposita relazione sul governo societario. La Relazione, pertanto, appare completa rispetto alle prescrizioni di legge e regolamentari.

Uniformandosi ai più recenti indirizzi degli organi di vigilanza, le procedure di *impairment*, effettuate dalla Società in conformità al principio IAS 36, hanno formato oggetto di esplicita e puntuale approvazione da parte del Consiglio di Amministrazione prima di quella del progetto di Bilancio.

La Società di Revisione ha, infine, consegnato la relazione aggiuntiva ai sensi dell'art.11 del Regolamento europeo n. 537 del 16 aprile 2014, comprensiva della conferma annuale dell'indipendenza ai sensi del Decreto Revisione, senza la segnalazione di carenze significative.

Nel complesso, il Collegio Sindacale ritiene che i documenti sottopostiVi forniscano una informativa chiara e completa, alla luce dei principi di verità e correttezza stabiliti dalla Legge.

Il Bilancio di sostenibilità

Ai sensi del D. Lgs. n. 254/2016, la Società non ha redatto la Dichiarazione consolidata di carattere non finanziario in quanto non obbligata.

Il Bilancio di esercizio individuale

Il Progetto di Bilancio di esercizio di Alerion, composto da Situazione Patrimoniale Finanziaria, Conto Economico, Conto Economico Complessivo, Prospetto delle Variazioni di Patrimonio Netto, Rendiconto Finanziario e

Note Illustrative, che viene messo a Vostra disposizione, presenta un utile di esercizio di 94,4 milioni di Euro e un patrimonio netto pari a 286,7 milioni di Euro.

In relazione allo stesso, il Collegio Sindacale dà atto che lo stesso è stato comunicato nei termini di Legge; l'Organo di Controllo ha verificato l'osservanza delle norme che regolano la sua impostazione e formazione, sia mediante i controlli da noi esercitati a norma dell'art. 149 TUF, sia avvalendosi delle informazioni fornite dalla Società di Revisione che, anche per il Bilancio di esercizio di Alerion, ha attestato con relazione emessa in data 23 marzo 2023 che *"... il bilancio di esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 Dicembre 2022, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data"*.

9. Modalità di concreta attuazione delle regole di governo societario

La Società ha aderito alle previsioni del Codice di Corporate Governance e il Collegio Sindacale ha vigilato sulle modalità di concreta attuazione delle regole di governo societario previste da codici di comportamento. Nel corso dell'attività di vigilanza, come sopra descritta, non sono emersi fatti significativi tali da richiederne la segnalazione agli organi di controllo o la menzione nella presente relazione.

10. Attività di vigilanza sui rapporti con società controllate e controllanti

Il Collegio Sindacale è stato informato che la Società ha provveduto ad impartire alle società controllate le istruzioni previste dalla normativa di riferimento.



Gli organi di controllo delle società controllate hanno altresì confermato, per quanto di competenza, il rispetto della legge, dello statuto e dei principi di corretta amministrazione, nonché l'adeguatezza dell'assetto organizzativo e del controllo interno.

11. Attività di vigilanza sulle operazioni con parti correlate

Il Collegio Sindacale ha preso atto che la Società ha effettuato, in maniera ordinaria e ricorrente, operazioni con società del Gruppo e con altre parti correlate, relative a rapporti di tipo commerciale, finanziario, servizi di consulenza, assistenza amministrativa e finanziaria, relativamente alle quali gli Amministratori, come detto, hanno reso debita informativa sia nella Relazione sulla Gestione che, in particolare, nella nota illustrativa punto n. 37 al Progetto di Bilancio Consolidato e nella nota illustrativa punto n. 31 del Progetto di Bilancio di esercizio, attestandone la corrispondenza alle normali condizioni di mercato.

12. Omissioni e fatti censurabili rilevati. Pareri resi e iniziative intraprese

Nel corso dell'esercizio 2022, il Collegio Sindacale non ha ricevuto alcuna denuncia *ex art. 2408 c.c.*; parimenti non sono pervenuti esposti.

* * *

Tutto quanto sopra premesso ed osservato, il Collegio Sindacale dichiara che, sotto i profili di propria competenza, nulla osta all'approvazione del Bilancio dell'esercizio chiuso al 31 dicembre 2022 ed alla proposta in merito alla destinazione del risultato dell'esercizio, che risulta conforme alle previsioni di legge, nonché a quanto previsto dallo statuto.

Milano, 23 marzo 2023

PER IL COLLEGIO SINDACALE

Dr. Francesco Schiavone Panni – Presidente

Dr. Alessandro Cafarelli – Sindaco effettivo

Dr.ssa Loredana Conidi – Sindaco effettivo



Handwritten signatures of the three individuals listed in the text above. The signatures are written in black ink and are somewhat stylized.



KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(The accompanying translated separate financial statements of Alerion Clean Power S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of
Alerion Clean Power S.p.A*

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Alerion Clean Power S.p.A. (the “company”), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Alerion Clean Power S.p.A. as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the “*Auditors' responsibilities for the audit of the separate financial statements*” section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Recoverability of the carrying amount of investments in subsidiaries, joint ventures and associates

Notes to the separate financial statements: note 6 "Investments in subsidiaries" and note 7 "Investments in joint ventures and associates"

Key audit matter	Audit procedures addressing the key audit matter
<p>The separate financial statements at 31 December 2022 include investments in subsidiaries of €307.6 million and investments in joint ventures and associates of €45.6 million.</p> <p>The company tests the carrying amounts of these equity investments for impairment at least annually and whenever there are indicators of impairment, by comparing them to the related recoverable amounts.</p> <p>It did not test its investments in the subsidiaries Alerion Investments S.r.l., Alerion Service S.r.l. and Alerion UK LTD for impairment, since their carrying amounts, totalling €10 thousand, €6 million and €1, respectively, at 31 December 2022, had already been assessed upon their initial recognition during the year.</p> <p>The recoverable amount of the associates Fri-el Guardionara, Andromeda Wind S.r.l. and Fri-el Anzi S.r.l. was determined on the basis of the fair value estimated by an independent expert.</p> <p>The directors estimated the recoverable amount of the other equity investments tested for impairment based on the value in use of the various cash-generating units (CGUs) relating to the directly or indirectly operating companies, calculated using the discounted cash flow model.</p> <p>In line with a specific internal policy, the directors test investments in subsidiaries, associates and joint ventures for impairment even when they do not identify any impairment indicators.</p> <p>The process and methods for measuring and determining each CGU's recoverable amount (based on its value in use) are very complex and entail the use of estimates which, by their very nature, are uncertain and subjective about:</p> <ul style="list-style-type: none">• the expected cash flows, calculated by taking into account the general economic performance and that of the company's sector, the actual cash flows for recent years and the projected growth rates;• the financial parameters used to calculate the discount rate of the expected cash flows. <p>For the above reasons and due to the materiality of the relevant captions, we believe that the recoverability of the carrying amount of investments in subsidiaries, joint ventures and associates is a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">• understanding the process adopted to prepare the impairment test approved by the company's board of directors and the key controls implemented by the company;• checking whether how the directors carried out impairment tests complied with the IFRS;• understanding the process adopted for preparing the subsidiaries', associates' and joint ventures' forecasts, on which basis the expected cash flows used for impairment testing have been estimated;• analysing the reasonableness of the assumptions used to prepare the forecasts;• checking any discrepancies between the previous year forecast and actual financial figures, in order to check the accuracy of the estimation process;• checking the mathematical accuracy of the model used to calculate value in use;• checking whether the right-of-use assets (IFRS 16) had been appropriately included in the carrying amounts considered and whether the cash flows had been identified consistently for the purposes of determining the recoverable amount;• checking the sensitivity analysis made by the directors and presented in the notes in relation to the main key assumptions used for impairment testing;• assessing the appropriateness of the disclosures provided in the notes about the recoverability of the carrying amount of investments in subsidiaries, joint ventures and associates. <p>We carried out these procedures with the assistance of our own valuation experts who independently recalculated the main assumptions used, including by means of a comparison with external data and information.</p>



Alerion Clean Power S.p.A.
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Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to



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the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 5 September 2019, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2020 to 31 December 2028.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 31 December 2022 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.



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Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 23 March 2023

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director

Annex A

List of equity investments held at 31 December 2022 and changes therein during the year

	31.12.2021					31.12.2022	
	%	Amount	Increases	Decreases	Impairment losses	%	Amount
Investments in consolidated subsidiaries							
Alerion Servizi Tecnici e Sviluppo S.r.l.	100	712,776	0	-	-	100	712,776
Fri-El Albareto S.r.l.	100	5,200,000	-	-	-	100	5,200,000
Green Energy Sardegna S.r.l.	100	7,700,000	-	-	-	100	7,700,000
Eolica PM S.r.l.	100	17,950,000	-	-	-	100	17,950,000
Alerion Bioenergy S.r.l.	100	-	-	-	-	100	-
Alerion Real Estate S.r.l. in liquidation	100	672,804	-	-	-	100	672,804
Callari S.r.l.	100	9,981,674	-	-	-	100	9,981,674
Eolo S.r.l.	100	3,418,283	-	-	-	100	3,418,283
Dotto S.r.l.	100	7,724,022	-	-	-	100	7,724,022
Krupen Wind S.r.l.	100	165,580	-	-	-	100	165,580
Minerva S.r.l.	100	10,078,964	-	-	-	100	10,078,964
Renergy San Marco S.r.l.	100	18,690,328	-	-	-	100	18,690,328
Ordonia Energia S.r.l.	100	7,965,000	-	-	-	100	7,965,000
Parco Eolico Licodia Eubea S.r.l.	80	5,508,035	-	-	-	80	5,508,035
Wind Power Sud S.r.l.	100	31,789,340	-	-	-	100	31,789,340
Alerion Spain S.L.	51	1,058,037	550,000	-	-	51	1,608,037
FRI-EL Ichnusa S.r.l.	100	59,719,206	-	-	-	100	59,719,206
Anemos Wind S.r.l.	100	3,500,000	-	-	-	100	3,500,000
FW Holding S.r.l.	100	70,000,000	-	-	-	100	70,000,000
Fri-El Nulvi Holding S.r.l.	90	19,800,000	-	-	-	90	19,800,000
Alerion Iberia S.L.	100	50,000	50,000	-	-	100	100,000
Naonis Wind S.r.l.	100	2,411,075	-	-	-	100	2,411,075
Enermac S.r.l.	100	11,672,126	3,213,000	-	-	100	14,885,126
Fucini 4 S.r.l.	100	2,010,000	-	-	-	100	2,010,000
Alerion Investments S.r.l.	-	-	10,000	-	-	100	10,000
Alerion Service S.r.l.	-	-	6,000,000	-	-	100	6,000,000
Alerion UK Ltd	-	-	1	-	-	100	1
Alerion Clean Power RO S.r.l.	100	10,240	-	-	-	100	10,240
Alerion Romania S.A.	95	-	-	-	-	95	-
Alerion Bulgaria A.D.	92.5	-	-	-	-	92.5	-
Total		297,787,490	9,823,001	-	-		307,610,491
Interests in joint ventures							
Ecoenergia Campania S.r.l.	50	2,405,706	-	-	-	50	2,405,706
Andromeda Wind S.r.l.	49	11,500,000	-	-	-	49	11,500,000
Fri-El Anzi Holding S.r.l.	49	8,000,000	-	(8,000,000)	-	49	-
Fri-El Anzi S.r.l.	49	-	8,000,000	-	-	49	8,000,000
Fri-El Guardionara S.r.l.	49	9,500,000	-	-	-	49	9,500,000
New Green Molise S.r.l.	50	14,240,428	-	-	-	50	14,240,428
Total		45,646,134	8,000,000	(8,000,000)	-		45,646,134
Total		343,433,624	17,823,001	(8,000,000)	-		353,256,625